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Final Edition

In 2 Sections—Section 1

The COMMERCIAL & FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Thursday

WITH WHICH HAS BEEN COMBINED THE FINANCIAL REPORTER

Thursday

Volume 154 Number 3991

New York, N. Y., Thursday, October 9, 1941

Price 40 Cents a Copy

"JOTTINGS"

While the A.B.A. convention was not the largest on record, its sessions were the best attended. To a reporter who struggled through reams of mimeographed press releases on speeches for something meaty to report, it is had to understand, but the bankers crowded in day after day to hear sessions are round-tables with unprecented interest.

The whole burden and theme of the convention was "defense," and its effect on finance. It nearly monopolised the speeches as well as between-session room-party conversation. Incidentally defense is nearly monopolising all the conventions. In the last week the mortgage bankers (also in Chicago) heard about it from Charles Palmer and George Van Schaick, the American Bar Association at Indianapolis heard about it from Robert Jackson, the Farm Equipment people from Walter Tower (Iron & Steel Institute) and the American Metal Congress heard about it in San Francisco from John Hamm, Henderson aide; while the National Association of Food Chains will build their convention next week around it at Chicago.

Most cheering word of the week to the bankers was Secretary Morgenthau's request that they scrutinize their loan applications to turn down unnecessary non-defense loans even before priorities applied. Very little pleases a banker more than official approval for his natural caution.

Mr. Morgenthau looked slightly embarrassed at the applause the bankers gave him on some of his statements about how farmers and labor should chip in their sacrifices also for defense.

The Chicago newspaper world is agog over the new morning paper Marshall Field III will soon angel in competition with the Chicago Tribune. It will be no P. M., but will carry advertising, presumably avoid the fellow-traveller slant but be strongly interventionist (vis-a-vis Col. McCormick). They say the Tribune threatens to spend $20,000,000 to beat it, but that is chicken-feed

(Continued on page 508)

OUR REPORTER'S REPORT

With Secretary of the Treasury Morgenthau having definitely announced that financing, for which details are due today, would be long-term, the consensus among Wall Street government bond men was that he would probably set a maturity of thirty years on the new issue.

Notwithstanding the fact that the Treasury's decision to seek $1,300,000,000 in new money at this time came with a slight element of surprise, in view of the fact that it passed up the September 15 quarterly date, observers were satisfied that the new securities would find the market decidedly receptive.

The idea prevailing generally in government bond circles was that Mr. Morgenthau might be expected to fix an interest rate of 2½ per cent for the issue which, it was conceded, would move to a premium.

American Telephone & Telegraph Company, it was recalled, hardly a fortnight ago disposed of thirty-five year 2¾s to a group of insurance companies at 101.842 or the equivalent of about a 2.67 yield basis.

The Treasury's over-all operation will involve an aggregate of $1,504,425,000 new bonds, of which $1,200,000,000 will be offered publicly for cash and $100,000,000 sold direct to government trust funds.

Plans provide for the balance, $204,425,000 to be offered to holders of the outstanding 1¼ per cent notes, maturing December 15 next, in exchange. The latter currently are selling to reflect the market's value of the "right to subscribe" or the "exchange option," which they carry, ruling at 102 10/32s bid and 102 11/32s offered.

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President Roosevelt to ask congress for extension of social security program—Plan may cover additional 27,000,000 workers.
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Three major tasks faced by nation says Economic Policy Commission of A. B. A.
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Cultivation of banks of field of selling credit urged by Fred L. O'Hair of national bank division of A. B. A.
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War emergency radically affecting real estate says E. M. Fisher at A. B. A. Convention.
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A. B. A. presents testimonial of honor to Brig. Gen. Leonard P. Ayres.
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R. R. Marquardt before A. B. A. terms savings business a stabilizing factor in bank activity.
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Says SEC Competitive Bidding Rule Hurts Small Investor; Nation Needs Sound Finance

Thousands of small investors are being deprived of the opportunity to hold high-grade investment securities through the operation of the Securities and Exchange Commission's ruling compelling competitive bidding for public utility securities,—"a ruling not in the public interest,"—Emmett F. Connely, President of the Investment Bankers Association of America, alleged on Oct. 7.

Speaking before the American Life Convention at the Edgewater Beach Hotel, Chicago, Mr. Connely asserted that more than $100,000,000 of highest grade securities that rested in the hands of thousands of investors six months ago will now be held by four institutional buyers. He called the recent sale of a $90,000,000 American Telephone and Telegraph Co. bond issue to three insurance companies—"a great mistake" and added, "I think it was a shortsighted policy on the part of the insurance companies. Opportunism and a plethora of investment funds may have been the dominating factor, but opportunism sometimes backfires." Mr. Connely added:

"While there is no law or regulation that required the American Telephone and Telegraph Co. to sell its bond issue of $90,000,000 competitively, the management has been so bedeviled for following the sound practice of financing through their traditional bankers that I assume this is the reason they elected to follow the trend that bids fair to doing irreparable harm to all classes of investors and to many security dealers.

The long range viewpoint should, in my opinion, be focussed on a firm, sound financial mechanism for this country. Recent history abroad is adequate proof that when private investment banking is eleminated private enterprise dies.

The investment banker is an essential cog in our economic structure. Just as the day may come, and I say will come, when his services will again be welcomed by the issuer, so will the day come when the insurance companies will need him for the purpose of shifting some of their holdings.

If, in the meantime, he has lost much of his outlet for securities because of a dearth of proper merchandise, his entire distributive machinery will have to be rebuilt. That cannot be done overnight. It is essential that our machinery of distribution be kept functioning by the cooperation of the forces of finance that have been an ally of investment banking during the last 150 years. It seems strange that the dire necessity of preserving investment banking should not be apparent to all, because of what it stands for in our system of free enterprise.

Last week, in expressing his doubts as to the soundness and desirability of competitive bidding by insurance companies, Lewis W. Douglas, president of the Mutual Life Insurance Co. of N. Y., recognized the highly important function of the investment banker and expressed grave concern over the possible damage that competitive bidding may do the country's investment banking machinery. Mr. Douglas's company, Mr. Connelly added, headed the group of three insurance companies which recently purchased the $90,000,000 American Telephone and Telegraph bond issue.

"I am certain that Congress, in passing the Public Utility Holding Company Act, a measure designed to break up the large holding companies, never envisaged that the day would come when small investors would be frozen out of high-grade investments through the SEC's interpretation of the powers granted it under this Act."

Mr. Connely said that the brief submitted by the Investment Bankers Association to the SEC opposing the proposal pointed out that competitive bidding "would aggrevate an already serious situation brought on by private placements in view of the fact that big insurance companies would step into the picture and buy the best credit securities on direct bids." "This," he said, "has happened in the space of five months." In conclusion he stated:

"I have heard the absurd argument that the smaller buyers shouldn't buy these high-grade securities. Why shouldn't they? If this country's biggest buyers feel that they need the protection of these top notch credits why not the little fellow, who is all the more in need of protection."

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HERBERT H. BLIZZARD, *Herbert H. Blizzard & Co.*, Philadelphia, new President of the N. S. T. A., and THOMAS AKIN, *Akin-Lambert Co.*, Los Angeles, retiring President, in front of the registration board at the Association's convention in New Orleans.

Trading Markets on
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Olsen to Manage Mun. Trading for Kneeland

CHICAGO, ILL. — Wilbert O. Olsen has become associated with Kneeland & Co., Inc., Board of Trade Building, and is in charge of municipal trading for dealers, banks, insurance companies and other institutional buyers. Mr. Olsen was formerly a partner of the municipal bond firm of Saunders, Olsen & Lyons, and in the past was in charge of municipal trading for Link, Gorman & Co. and Sincere & Co.

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Frederick W. Jones, Managing Editor
William Dana Seibert, President
William D. Riggs, Business Manager
Thursday, October 9, 1941

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Lewis Thomson Joins Edward D. Jones Co.

ST. LOUIS, MO.—Lewis W. Thomson is now affiliated with Edward D. Jones & Co., Boatmen's Bank Building, members of the New York, St. Louis, and Chicago Stock Exchanges. Mr. Thomson since 1909 has been head of Lewis W. Thomson & Co., specialists in municipal and corporation securities; prior thereto he was with the Mercantile Trust Company of St. Louis.

P. Bates in Rollins Municipal Department

Percy H. Bates has become associated with the municipal department of E. H. Rollins & Sons, Inc., 44 Wall Street, New York City. Mr. Bates was formerly manager of the municipal trading department of Granberry & Co. and prior thereto was New York manager for Dougherty, Corkran & Co. and was a partner in C. M. Osborne & Co.

Nimmo in Municipal Dept. of Content-Hano

Content, Hano & Co., 39 Broadway, New York City, members of the New York Stock Exchange, announce that Alfred L. Nimmo has become associated with them in their municipal bond department. Mr. Nimmo was formerly with Turner, Knight & Sholten and Knight & Co., specializing in New York Municipals and authorities and prior thereto was in the trading department of T. M. Lynch & Co. and was with Burr & Co., Inc. and Hemphill, Noyes & Co.

Wabash Ry. Study Ready

R. H. Johnson & Co., 64 Wall street, New York City, have prepared a statistical study of the Reorganization Plan of the Wabash Railway Co., as approved by the I. C. C. and the Court, copies of which will be sent by the firm upon request.

Tomorrow's Markets Walter Whyte Says——

Two points under last Tuesday's lows now looks like important level—If severe reaction to be avoided these prices must hold—Stocks in list still above individual stop prices.

By WALTER WHYTE

If there is anything more tiresome than to finger a lackadaisacal stock tape and come out with nice-nice predictions when everybody else is wearing sackcloth and ashes, then I don't know what it is.

* * *

There are days when the market seems to say, "up! up!" There are other days when it's shrieking "down! down!" Yet no single day is given over wholly to outright bullishness or complete bearishness. The sum total at the end of almost any given day is scarcely nothing more than an Irish standoff—one of those "he's - up - he's-down-he's-up-he's-down" affairs. Neither side stays on its feet long enough to permit the other to be counted out.

* * *

Last Tuesday was one of the few days when it began to look like the optimists were slowly but surely taking it on the chin. That morning the market took a smacking around, and even though it recovered a little before the close, it was still glassy eyed and reeling when the bell ended that day.

* * *

The obvious and generally accepted reason was the all out Nazi drive against Moscow.

* * *

It's a strange commentary on the state of affairs when the very capitalistic stock market acts punchdrunk because the chief Communist city is threatened.

(Continued on page 508)

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Over-the-Counter Dealers Unite

It now seems quite evident that the strictly Over-the-Counter dealers will have to unite to oppose certain proposed amendments to the Securities Exchange Act, which if made law, would virtually wipe out Over-the-Counter trading.

From letters received by us from Over-the-Counter dealers throughout the country, it appears that they were not adequately represented in previous discussions of the proposed amendments and they will, in all likelihood, look to local groups of dealers to oppose amendments to the Act which, if enacted into law, might expand "unlisted trading privileges" in securities that are now traded in the Over-the-Counter markets.

Geo. M. Gillette with Burton, Cluett, Dana

Burton, Cluett & Dana, 120 Broadway, New York City, members of the New York Stock Exchange, announce that George M. Gillette has become associated with them. Mr. Gillette was formerly with Frazier Jelke & Co. for many years, recently being a partner in the firm.

Joseph H. Amy To Be McClave Co. Partner

Joseph H. Amy, member of the New York Stock Exchange, will become a parner in McClave & Co., 254 Park Avenue, New York City, as of October 15th. Mr. Amy was formerly an individual floor broker and prior thereto a partner in R. J. Johnson & Co.

The old partnership of McClave & Co. will be dissolved as of October 14th and a new partnership formed on the 15th, with Clifford H. McCall, Arthur Sewall, 2nd, Robert W. Stokes and Joseph H. Amy as general partners, and M. N. Kearny, as limited partner, Charles S. O'Neill, Jr., having withdrawn from the firm.

V. L. Mason Promoted

Jackson & Curtis, 115 Broadway, New York City, announce that Vernon L. Mason has been appointed manager of their municipal bond department. Mr. Mason has been associated with Jackson & Curtis for the past ten years.

Hugg & Sherry With Reynolds Co. in Phila.

PHILADELPHIA, PA.—Reynolds & Co., members of New York, Philadelphia and other stock and commodity exchanges, announce that John L. Hugg and John J. Sherry, formerly President and Secretary-Treasurer, respectively, of Sherry, Hugg & Marshbank, Inc., have become associated with them in their local office, 1500 Walnut Street.

Alta R. Kalley Joins Bateman, Eichler Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Alta R. Kalley has become associated with Bateman, Eichler & Co., 453 South Spring Street, members of the Los Angeles Stock Exchange. Miss Kalley was formerly vice-president and manager of the trading department of D. G. Grant Company.

Investment Advisers Must Register in Pa.

The Pennsylvania Securities Commission has announced that on and after October 8th all persons giving investment advice for compensation or soliciting clients must be licensed by the State in accordance with an act passed by the legislature last June. Those not complying with this requirement will be subject to fine and imprisonment.

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DIVIDEND NOTICES

COLUMBIA GAS & ELECTRIC CORPORATION

The Board of Directors has declared this day the following dividends:

Cumulative 6% Preferred Stock, Series A
No. 60, quarterly, $1.50 per share
Cumulative Preferred Stock, 5% Series
No. 50, quarterly, $1.25 per share
5% Cumulative Preference Stock
No. 39, quarterly, $1.25 per share

payable on November 15, 1941, to holders of record at close of business October 20, 1941.

DALE PARKER
October 2, 1941 *Secretary*

DOMESTIC FINANCE CORPORATION

DIVIDEND NOTICES

COMMON STOCK

A quarterly dividend of 35c a share, plus an extra dividend of 10c a share, has been declared on the common stock of the company, payable Nov. 1, 1941, to holders of record Oct. 27, 1941.

52ND CONSECUTIVE DIVIDEND
Cumulative Preference Stock

The 52nd consecutive quarterly dividend on the Cumulative Preference Stock of the company and predecessor constituent company has been declared at the rate of 50c a share, payable Nov. 1, 1941, to holders of record Oct. 27, 1941.

L. E. MICKLE,
Vice-Pres. and Treasurer

36 OFFICES IN 9 STATES

NATIONAL DISTILLERS PRODUCTS CORPORATION

The Board of Directors has declared a regular quarterly dividend of 50¢ per share on the outstanding Common Stock, payable on November 1, 1941, to stockholders of record on October 15, 1941. The transfer books will not close.

THOS. A. CLARK
September 25, 1941 TREASURER

PACIFIC GAS AND ELECTRIC CO.

DIVIDEND NOTICE

Common Stock Dividend No. 103

A cash dividend declared by the Board of Directors on September 17, 1941 for the quarter ending September 30, 1941, equal to 2% of its par value, will be paid upon the Common Capital Stock of this Company by check on October 15, 1941, to shareholders of record at the close of business on September 30, 1941. The Transfer Books will not be closed.

D. H. FOOTE, *Secretary-Treasurer*
San Francisco, California.

TRIUMPH EXPLOSIVES, Inc.

The Board of Directors has declared a quarterly dividend of 5 cents per share on the common stock, payable November 1, 1941, to stockholders of record on October 11, 1941.

G. H. KANN, *President*
October 1, 1941

New York City

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5,000 due 1947 @ 1.35%

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TO HOLDERS OF RECEIPTS ISSUED BY GENERAL ELECTRIC COMPANY REPRESENTING INTEREST IN FRACTION OF ONE SHARE OF COMMON STOCK WITHOUT PAR VALUE OF RADIO CORPORATION OF AMERICA

All holders of the above Receipts representing interest in fraction of share of common stock without par value of Radio Corporation of America are reminded that the Receipts become wholly void and of no value unless surrendered for redemption to General Electric Company, 570 Lexington Avenue, New York City, on or before November 21, 1941.

The Receipts were issued to the common stockholders of General Electric Company of record December 16, 1932. The only right now remaining to the holders of the Receipts is to receive their pro rata shares of the net proceeds of the sale of the common stock of Radio Corporation of America set aside against such outstanding Receipts in accordance with their terms. **These net proceeds amount to $1.01 for each 1-6 share represented by such Receipts.**

GENERAL ELECTRIC COMPANY
By: W. W. TRENCH, Secretary
October 3rd, 1941

BRITISH-AMERICAN TOBACCO COMPANY, LIMITED

NOTICE TO HOLDERS OF BEARER WARRANTS FOR ORDINARY STOCK

The last coupon (No. 187) attached to Talon No. 3 in respect of Stock Warrants to Bearer for Ordinary Stock was payable 30th September, 1941. Holders of Talon No. 3 are asked NOT to deposit the Talon with the Company until Talon No. 4 is ready for exchange, of which notification will be published later.

For the benefit of holders of Stock Warrants to Bearer resident in America a plan is under consideration whereunder, if Talon No. 3 be deposited with the Guaranty Trust Company of New York in New York, that Company will issue a receipt for the deposited Talon and future dividends will be paid without presentation of coupons whilst the Talon is so deposited. If this scheme can be arranged, the actual exchange of Talons will be postponed until after the war, thus avoiding the exceptional risk of loss in transit and the heavy insurance expenses involved under existing conditions.

A further notice on this subject will in any event be published in the Press at a later date.

E. A. BLOCKLEY
Rusham House, ***Secretary***
Egham,
Surrey.
17th September, 1941.

With Rambo, Keen, Close

PHILADELPHIA, PA.—The investment firm of Rambo, Keen, Close & Kerner, Inc., 1518 Locust Street, announce that James M. Kutnow has become associated with them in their sales organization and that Charles I. Wells has joined them as assistant statistician. Mr. Kutnow was formerly an officer of N. S. Hall & Co., Inc.

We are pleased to announce that
VERNON L. MASON
has been appointed manager of our
Municipal Bond Department

JACKSON & CURTIS
ESTABLISHED 1879
Members Principal Stock and Commodity Exchanges
115 BROADWAY NEW YORK CITY

PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)

BOSTON, MASS.—**Frederick E. Dunlap**, formerly with Raymond & Co. and Sherman Gleason, has become associated with **Gerald S. Colby & Co.,** 30 Federal Street.

(Special to The Financial Chronicle)

BOSTON, MASS. — **James H. Nutter, Jr.** has been added to the staff of **Charles A. Day & Co., Inc.,** Sears Building.

(Special to The Financial Chronicle)

CHARLOTTE, N. C. — **Miles Smith Carpenter** has joined the staff of **R. S. Dickson & Co., Inc.,** Wilder Building.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**Peter Louis Maes** has become associated with **S. R. Miller & Co.,** 231 South La Salle Street. Mr. Maes was formerly with Remer, Mitchell & Reitzel, Inc., and Bond & Goodwin, Inc. of Illinois.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**Leo Joseph Scheid** is now connected with **Ryan-Nichols & Co.,** 105 South La Salle Street. Mr. Scheid was previously associated with Konsberg & Co. for many years.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**Stanley Morrill** has become associated with **Talcott, Potter & Co.,** 141 West Jackson Boulevard. He was formerly with Daniel F. Rice & Co. and prior thereto with Fuller, Rodney & Co., Merrill Lynch, E. A. Pierce & Cassatt, Fenner & Beane, and Abbott, Proctor & Paine.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Arthur M. Hollaman** is now affiliated with **Thompson, Davis & Phipps, Inc.,** 120 South La Salle Street. Mr. Hollaman was formerly consulting accountant for Crahen, Sullivan, O'Toole & Sullivan.

(Special to The Financial Chronicle)

CLEVELAND, OHIO—**Ivan L. Morton** has become connected with **M. A. Cayne & Co.,** Fidelity Building. He was previously with Lawrence Cook & Co., Investors Syndicate, and L. W. Simon & Co.

(Special to The Financial Chronicle)

CLEVELAND, OHIO — **Arthur M. Davies,** formerly with Merrill Lynch, Pierce, Fenner & Beane, has become associated with **Goodbody & Co.,** National City Bank Building.

(Special to The Financial Chronicle)

COLORADO SPRINGS, COLO. —**Walter Ray Parnham** has become affiliated with **Boettcher & Co.,** Exchange National Bank Building.

(Special to The Financial Chronicle)

FORT WORTH, TEX.—**Crawford Lynn Gilligan** has been added to the staff of **Willard York Co.,** whose main office is located in the South Texas Bank Building, San Antonio, Texas.

(Special to The Financial Chronicle)

FRESNO, CALIF. — **Fred G. Wheaton** has become associated with **Davis, Skaggs & Co.,** whose main office is located at 211 Montgomery Street, San Francisco, Calif. Mr. Wheaton was formerly local manager for Edgerton, Bourne & Co.

(Special to The Financial Chronicle)

KANSAS CITY, MO.—**Merle F. Mott** is now affiliated with **Barrett Herrick & Co., Inc.,** 1012 Baltimore Avenue.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Louis M. Wiskow** has been added to the staff of **Conrad, Bruce & Co.,** 530 West Sixth Street.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Charles L. Ebner, Jr.** has become connected with **Protected Investors of America,** Russ Building, San Francisco, Calif. Mr. Ebner was previously with Morrison Bond Co., Ltd. and prior thereto was manager of the trading department for Fewel, Marache & Co., Paul J. Marache & Co., and F. E. Harris & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Hermon Stone Hatch,** formerly with Mitchum, Tully & Co. and Dean Witter & Co., is now with **Richardson & Co., Inc.,** 510 South Spring Street.

(Special to The Financial Chronicle)

MINNEAPOLIS, MINN. — **Edward W. Wichman,** formerly with McCahill & Co., has become connected with **J. W. Goldsbury & Co.,** 807 Marquette Avenue.

(Special to The Financial Chronicle)

PASADENA, CALIF. — **Lyman J. Gage** is now associated with **Lester & Co.,** 234 East Colorado Street. Mr. Gage was previously with Mason Brothers and prior **thereto with Norman B. Courteney** & Co. and B. B. Robinson & Co.

(Special to The Financial Chronicle)

SAN ANTONIO, TEX. — **Edward I. Lee** has joined the staff of **Willard York Co.,** South Texas Bank Building.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**Eugene H. Ratto** has become associated with **Bankamerica Company,** 300 Montgomery Street. Mr. Ratto was previously with George H. Grant & Co., Kendall Thompson Co. and in the past was Sacramento manager for Gersten & Co. and Miller & Co.

(Special to The Financial Chronicle)

SEATTLE, WASH.—**George Hemmen,** for many years with Wm. P. Harper & Son & Co., is now connected with **Conrad, Bruce & Co.,** 1411 Fourth Avenue Building.

(Special to The Financial Chronicle)

SEATTLE, WASH. — **Lloyd A. Martin** has been added to the staff of **Lester L. Fenton,** Securities Building.

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Dealer Briefs

Philadelphia, Pa.

It's hard to imagine an outlook much more clouded than the present, and yet securities hold up reasonably well. Of course, there could be (and probably will be) new shocks from overseas, which could cause temporary declines but underneath it all it seems to me that there are very powerful secular forces making for the rise. Looking back for a year or so, despite extreme bearishness, the market is 10% higher. The figures mean more than today's sentiment — *Frank L. Newburger, Newburger, Loeb & Co.*

Write for Pamphlet

Otis & Co., Terminal Tower, Cleveland, Ohio, has prepared a special pamphlet descriptive of the City of Euclid, Ohio, and its bonds, featured by a map of the city showing the location of 18 important industrial plants.

DETROIT

LISTED AND UNLISTED
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CORRECTION

Mr. Baruch not in Market

In our issue of October 2nd we asserted that "Bernard M. Baruch is said to be the heavy buyer of International Nickel. And now he is active in a group buying International Tel. & Tel."

We are now reliably informed that Mr. Baruch has not been a buyer of International Nickel and is not active in International Tel. & Tel. He has not any interest in either of these stocks, nor has he been active in the securities market for some years. We regret our error.

Guaranteed Railroad Stocks

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Hartford Bond Club Enjoys Fall Outing

HARTFORD, CONN.—Members of the Bond Club of Hartford convened at the Manitook Lake Club in Granby on Oct. 4 for their fall outing which was pronounced a huge success by all attending. Swimming, horseshoes, fishing, badminton, and a concert by Roland Stenzel from Bach to Beethoven and back to Bach were features of the day.

The Committee in charge of the outing comprised: Harold Faust, Equitable Securities Corp., Chairman; Charles W. Gould, Complaint Department; E. C. Palmer, Estabrook & Co.; Willard A. Snow, Jr., Lazard Freres & Co., and John H. Beardsley, Conning & Co.

Rio to Pay Bond Interest

The City of Rio de Janeiro, Federal District of the United States of Brazil, has remitted to its special agents funds for the payment of interest for the six months ended Oct. 1, 1939 on its five-year 6% external secured gold bonds due April 1, 1933, at the rate of $3.9975 per $1,000 bond, or 13.325% of the dollar amount of such interest. The notice regarding these also says—

> These funds have been remitted in accordance with provisions of Presidential Decree No. 23829 of Feb. 5, 1934, as reenacted and modified by Decree Law No. 2085 of March 8, 1940.
>
> Cash payment at this rate, to be in full payment of the interest due Oct. 1, 1939, is now being made upon presentation of the bonds at the offices of the special agents, White, Weld & Co., 40 Wall Street, New York, or Brown Brothers Harriman & Co., 59 Wall Street, New York.

Curb to Retire Seat

Arrangements have been made by the New York Curb Exchange to purchase and retire the membership of Orrin B. Zoline at $1,000. The transaction will be completed at the termination of a seven-day posting period which begins tomorrow. Present market for Curb Exchange seat is $1,000 bid by the Exchange, offered at $2,500.

Steel Convention

The American Institute of Steel Construction, Inc., New York City, will hold its 19th annual convention Oct. 14-17 at the Greenbrier Hotel, White Sulphur Springs, W. Va.

TRADING MARKETS IN
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RAILROAD REORGANIZATION SECURITIES

RAILROAD SECURITIES

The fourth quarter traffic estimates have been released by the Shippers' Advisory Boards, with the aggregate for the country as a whole expected to run 11.8% above a year ago. This would compare with a gain of 18% last quarter. Considering the relatively high level of business prevailing towards the end of 1940, realization of the Boards' forecast would be highly creditable and would indicate that the usual year-end seasonal decline in railroad traffic may not assume normal proportions this year. Moreover, the Advisory Boards, when they err, seem inclined to err on the conservative side so that it is quite possible that actual results may be even more favorable. Continuation of the strong earnings background through the balance of the year, coupled with settlement of the wage question, should establish a firm base for a sharp upturn in rail security prices, particularly stocks and second grade bonds, during the next month or so.

Naturally, while traffic for the industry is expected to expand 11.8%, results in different sections of the county will vary greatly as will the performance of individual commodity groups. The following tabulation shows estimated results for the various regions, arranged in order of the prospective gains.

	Third Quarter Loadings (in cars) (Estimated)	Increase %
Southwest	379,053	18.7
Ohio Valley	703,867	17.9
Midwest	911,837	13.3
Pacific Coast	265,517	12.1
Central Western	224,618	12.0
Allegheny	930,936	11.8
Pacific Northwest	209,030	11.4
Atlantic States	624,361	10.2
New England	105,449	10.0
Southeast	724,064	10.0
Northwest	412,168	8.9
Trans-Mo.-Kans.	298,272	8.4
Great Lakes	518,106	5.0

The Great Lakes dropped from second on the list in third quarter estimates to last place in the coming period, a natural reflection of the curtailment in production of automobiles and other consumers goods to make way for defense needs. Among individual commodities, automobiles, trucks and parts are expected to make the poorest showing, down almost 15% from a year ago. Cotton seed and products (except oil), cotton, potatoes and fruits other than citrus are the only other groups expected to show declines. The most important gains estimated are agricultural implements and vehicles, other than automobiles; canned goods; gravel, sand and stone; machinery and boilers; chemicals and explosives; and paper, paperboard and prepared roofing. Gains in these items are expected to run from 17.7% to 29.9%.

In the heavier sections, coal and coke are estimated 14.9% higher, ores and concentrates 13.1% and petroleum products 9.6%. At least two of the gains, canned goods and petroleum products, can be traced directly to dislocations arising from the war effort, just as the decline in automobile tonnage may be attributed to the emergency. Removal of ships from intercoastal routes has made necessary the diversion to the rails of an increasing volume of canned foods (also other products) moving from the west coast. Transfer of tankers to the British has had the same effect on petroleum product tonnage to the eastern seaboard.

As can be seen, the net effect will be more favorable on the southwest than on any other section of the country. On this basis it is expected that Southern Pacific will continue among the leaders in the upturn. The so-called automobile roads, and in particular Wabash, will unquestionably experience some slowing down in the rate of improvement but should continue to report at least moderate gains with other industrial activity compensating for the loss of automobile business. The unfavorable dislocations in consumers goods will probably be aggravated as the war effort increases, while the favorable dislocations affecting the transcontinental carriers will widen further.

Railroad Reorganization Securities
(When Issued)

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J. E. Yerxa Re-Elected Boston 'Change Head

John E. Yerxa was re-elected President of the Boston Stock Exchange at the annual election held on Sept. 29. Archibald R. Giroux was re-elected Vice-President and Mark R. Hodges was again elected Treasurer.

Governing committee members elected were Harry W. Besse, Ralph Hornblower, Constantine Hutchins, William B. Long, M. Wilson Robertson and Lester Watson.

Members elected to the Nominating Committee for 1941-42 are Daniel Fingree (chairman), Howard S. Harris, Chandler Hovey, Joseph J. Thorndike and Walter P. Tobey.

Col. Baer to Address New York Bond Club

Colonel Joseph A. Baer, Chief of Staff, 2nd Corps Area, will address the Bond Club of New York at its first luncheon meeting of the season to be held at the Bankers Club on Oct. 22. J. Taylor Foster, president of the Bond Club, will preside at the luncheon which will inaugurate the 1941-42 series of luncheon meetings to be addressed by prominent speakers.

Defaulted RR Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939 to date; High —34⅝, low—14¾, last 33⅛.

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Bank and Insurance Stocks

This Week—Bank Stocks

Statements of New York City banks just published as of the unofficial Sept. 30, 1941 date show a mixed earnings trend for the third quarter of 1941, but continue to show a dominantly upward earnings trend for the 9 months of 1941. Deposits continued to decline, excess reserves dropped, and loans rose substantially as holdings of Government securities were kept about unchanged. The increase in reserve requirements Nov. 1st is likely to take another half billion in excess reserves, so that if the expansion in loans continues in preference to low-yielding Governments, bank stockholders may expect a fuller invested position by the banks in better-yielding earning assets.

Of the 27 banks listed below, 13 showed higher profits for the third quarter of 1941 compared to third quarter of 1940; 12 were lower; and 2 were unchanged. Among the largest banks, however—the "big three" for instance—the third quarter earnings were distinctly higher. For the 9 months of 1941 compared to 1940, 17 banks were higher, 8 lower and 2 even. Twenty-three of the 25 dividend-paying stocks earned their dividends for the quarter, but all 25 earned their dividends for the 9 months of 1941, 10 of the banks, in fact, showing full coverage of the entire year's dividends for the 9 months of 1941. There was one dividend reduction in the third quarter, which had been discounted for some time.

The sixteen banks reporting weekly showed a $372,000,000 (3%) expansion in earning assets for the third quarter of 1941, compared to $116,000,000 decline in deposits and $450,000,000 drop in excess reserves. Compared to a year ago, the banks show a $2,500,000,000 (26%) expansion in earning assets, compared to $1,250,000,000 gain in deposits, which began their recent decline in the second quarter of 1941, and decline of $1,500,000,000 in excess reserves at New York.

Commercial loans alone expanded $218,000,000 (10%) for the third quarter and now stand $715,000,000 (41%) above a year ago. In fact, since Feb. 8, 1939, commercial loans have increased $1,100,000,000, or 84%.

That all this substantial expansion in earning assets, especially loans, and decline in idle excess reserves, have not resulted in sharper increases in earnings is traceable to the banks' natural conservatism in building up "hidden reserves," as well as the necessity of providing for higher taxes and in some cases, higher amortization charges as maturities of Government security holdings have been shortened. Despite these factors, however, a moderately upward trend in earnings is clearly indicated.

An interesting feature of the third quarter statements is the relative stability of holdings of Governments, as compared with the sharp expansion in loans, in the face of continuing decline in excess reserves and the Nov. 1 increase in reserve requirements. Whether the expansion in loans will continue at the fast recent pace which has witnessed an average weekly expansion of $18,000,000 since last April, appears to depend on the effect of priorities and heavy taxes upon non-defense industries served by the banks; but loans to defense industries and those trades stimulated by actual spending of allocated National Defense funds should continue to increase.

In any event, it appears that the prospect for volume expansion in earning assets is no problem, either in loans or the ever available Governments; and that the continued decline in excess reserves, given a further push by the increase in reserve requirements, might stiffen money rates at least fractionally, with resultant better return to the banks.

	Indicated Earnings				Book Value	
	—3rd Quarter—		—9 Months—		Sept. 30,	Annual
	1941	1940	1941	1940	1941	Dividends
Bankers Trust	$0.66	$0.77	$2.27	$2.06	$44.13	$2.00Q
Bank of N. Y.	4.48	4.11	13.92	11.27	339.22	14.00Q
Bank of Manhattan	0.26	0.26	0.82	0.73	23.67	*0.90Q
Brooklyn Trust	1.05	1.06	3.41	3.51	172.77	4.00SA
Central Hanover	1.29	1.25	3.80	3.77	92.33	4.00Q
Chase National	0.44	0.37	1.27	1.18	32.57	1.40SA
Chemical	0.58	0.65	1.70	1.80	39.30	1.80Q
Commercial Natl.	2.98	2.33	9.40	7.97	228.36	8.00Q
Continental	0.25	0.25	0.75	0.75	21.38	0.80Q
Corn Exchange	0.75	0.98	2.16	5.09	47.05	2.40Q
Empire Trust	1.12	0.75	3.42	d12.36	87.63	3.00Q
Fifth Avenue Bank	12.89	6.58	36.85	57.20	960.35	24.00Q
First National	19.29	18.97	70.58	69.47	1,192.78	100.00Q
Fulton Trust	2.20	3.18	7.65	8.50	245.85	10.00Q
Grace National	7.98	1.09	12.95	7.71	256.10	6.00SA
Guaranty Trust	3.86	3.17	10.58	10.22	309.31	12.00Q
Irving Trust	0.17	0.18	0.51	0.50	20.80	0.60Q
Kings County Trust	32.74	33.27	95.89	96.08	1,456.24	80.00Q
Lawyers Trust	0.49	0.56	1.79	1.35	50.25	1.40Q
Manufacturers (a)	0.99	1.01	2.91	2.91	36.76	2.00Q
Natl. City (b)	0.57	0.41	1.39	1.15	30.14	1.00SA
New York Trust	1.30	1.27	3.90	3.85	81.19	5.00Q
Public National	0.92	0.79	2.58	2.30	45.31	1.50Q
Sterling National	0.21	0.25	0.75	0.66	62.70	----
Title Guar. & Tr.	0.20	d1.96	d0.54	d2.06	14.54	----
Underwriters Trust	0.18	9.78	6.01	10.33	204.33	4.00Q
U. S. Trust	15.29	15.34	45.83	46.29	1,543.87	*70.00Q

*Including extra. (a) Operating earnings, officially reported. (b) Including City Bank Farmers Trust Co. d—Deficit.

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Suggested for Investment

An interesting leaflet has been prepared by Estabrook & Co., 15 State Street, Boston, Mass., members of the New York Stock Exchange, recommending ten common stocks listed on the New York Stock Exchange as particularly attractive for investment purchase. Copies of the leaflet containing brief summaries of the situations in these stocks may be obtained from Estabrook & Co. upon request.

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Bell Teletype—NY 1-1248-49
(L. A. Gibbs, Manager Trading Department)

Ga.-Fla. Carloadings Up

B. S. Lichtenstein & Co., who recently issued a report on the Georgia & Fiorida RR., have received advices that total car loadings for the railroad for the week ending Sept. 27, 1941 were 1,069 cars, as compared to 749 cars for the corresponding week in 1940, or an increase of 42%.

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Opportunities to Reduce Tax Liabilities Shown by Capital Gain & Loss Tax Form

For the balance of 1941, sharply increased personal income tax rates, coupled with capital gain and loss provisions of the Federal Revenue Act, offer security salesmen a tremendous business-building opportunity.

On the basis of the new income tax rate schedule, people in almost every income bracket—even the relatively low ones—will be able to effect amazingly large tax savings by taking long-term capital losses on security holdings. Moreover, these tax savings will far outweigh any costs involved in registering the losses.

To the security salesman, this situation presents unprecedented potentialities for directly developing business. Naturally, active accounts will have to take action in accordance with short-term as well as long-term positions. More important, however, the way is now wide open for following up long lists of inactive and prospective clients without encountering the resistence that usually obstructs a pure "securities-selling" effort.

The incentive for cutting down tax liability will surely open the door to many a needed revision of dormant investment portfolios. Likewise, it may well establish the much desired confidential basis of contact between salesman and prospective client.

In working out a comprehensive program for participating in the benefits of the current tax-switching period, special attention is called to the very excellent and inexpensive Capital Gain and Loss Tax Form published by the Monthly Stock Digest Service, 89 Broad Street, New York City.

This form makes it very easy for the customer to work out his gain and loss position and clearly reveals opportunities for reducing tax liability. It explains, simply and concisely, the capital gain and loss provisions. It provides space for computing the customer's status based on transactions already recorded this year. Further, it enables the customer to take a "gain and loss" inventory of his present investment holdings.

In past years, very many firms found the Tax Form extremely helpful in opening new doors and for directing tax-switching business their way. This year, it should be even more so. People are tax conscious and do not have to be "sold" on the idea of analyzing their situations. By providing them with the tool—a Tax Form—for making their analyses, salesmen certainly should make their expenditures of "shoeleather and salesmanship" decidedly more productive.

Asks That Dealers Handle Defense Bonds

A plea that stock brokerage firms be permitted to handle Defense Bonds purchases for the convenience of their clients was contained in a letter directed to the Secretary of the Treasury, Henry Morgenthau, Jr., by Thomas B. Meek, President of the Association of Customers' Brokers. The letter follows:

> The Association of Customers' Brokers of New York has instructed me to write you endorsing the recent action of the Association of Stock Exchange firms in urging that the sale of Defense Bonds be handled through stock brokerage firms.
>
> Our Association as you may know is composed of men who are engaged in handling securities business for the public and our membership is drawn from the majority of commission firms doing business on the New York Stock Exchange.
>
> Since Defense Bonds were put on sale many firms as well as individuals in this business have been recommending to their clients inclusion of these bonds in security portfolios. Frequently clients ask us to make purchase of Defense Bonds for them and we believe that it would be a matter of convenience to the public as well as an aid to Defense Bonds sales, if we were permitted to handle these transactions.
>
> Is it our belief that no commission should be charged for such service. We hope to hear of your favorable consideration of this matter.

Old Ben Coal Bonds Recommended

The current situation for the first mortgage 6s, 1948, of Old Ben Coal Company, should be of particular interest to dealers, according to a memorandum just issued by Scherck, Richter Company, Landreth Building, St. Louis, Mo. Recent developments should make these first mortgage sinking fund 6s attractive at present prices to many investors who did not feel justified in assuming the risks involved two years ago, the memorandum states. Copies of the memorandum and a detailed analysis, including map of properties and description of oil fields, will be sent to dealers on request by Scherck, Richter Co.

NATIONAL BANK of EGYPT
Head Office Cairo
Commercial Register No. 1 Cairo
FULLY PAID CAPITAL £3,000,000
RESERVE FUND £3,000,000
LONDON AGENCY
6 and 7 King William Street, E. C.
Branches in all the principal Towns in
EGYPT and the SUDAN

NATIONAL BANK of INDIA, LIMITED
Bankers to the Government in Kenya Colony and Uganda
Head Office: 26, Bishopsgate, London, E. C.
Branches in India, Burma, Ceylon, Kenya Colony and Aden and Zanzibar
Subscribed Capital £4,000,000
Paid-Up Capital £2,000,000
Reserve Fund £2,200,000
The Bank conducts every description of banking and exchange business
Trusteeships and Executorships also undertaken

Royal Bank of Scotland
Incorporated by Royal Charter 1727
Over 200 Years of Commercial Banking
HEAD OFFICE—Edinburgh
General Manager
William Whyte
Total number of offices, 258
CHIEF FOREIGN DEPARTMENT
3 Bishopsgate, London, England
Capital (fully paid) £3,780,192
Reserve fund £4,125,965
Deposits £69,921,933
Associateed Bank
Williams Deacon's Bank, Ltd.

Australia and New Zealand
BANK OF NEW SOUTH WALES
(ESTABLISHED 1817)
Paid-Up Capital £8,780,000
Reserve Fund 6,150,000
Reserve Liability of Prop. 8,780,000
£23,710,000
Aggregate Assets 30th Sept., 1940 £143,903,000
SIR ALFRED DAVIDSON, K.B.E., General Manager
Head Office: George Street, SYDNEY
The Bank of New South Wales is the oldest and largest bank in Australasia. With over 870 branches in all States of Australia, in New Zealand, Fiji, Papua and New Guinea, and London, it offers the most complete and efficient banking service to investors, traders and travellers interested in these countries.
LONDON OFFICES:
29 Threadneedle Street, E. C.
47 Berkeley Square, W. 1
Agency arrangements with Banks throughout the U. S. A.

Ins. Stocks Status Good

A timely memorandum discussing the favorable status of insurance stocks under the Revenue Act of 1941, an important factor in the outlook for equities, has been prepared by Huff, Geyer & Hecht, Inc., 67 Wall Street, New York City, specialists in insurance stocks; copies of this interesting memorandum will be sent by them to dealers and salesmen on request.

A Bond Buy for Banks

An interesting circular describing a bond of bank quality yielding 6¾% has been prepared for distribution by A. O. Van Suetendael, 15 North Broadway, Yonkers, N. Y., from whom copies may be obtained upon request.

FAVORABLE STATUS OF INSURANCE STOCKS
UNDER THE REVENUE ACT OF 1941

A timely memorandum discussing this important factor in the outlook for equities is available, on request, to dealers and salesmen interested in Insurance Stocks.

PRIMARY MARKETS IN INSURANCE STOCKS

HUFF, GEYER & HECHT, INC.
67 Wall Street *Telephone WHitehall 3-0782* New York
Bell System Teletype—NY 1-2875
10 Post Office Square, Boston—Hubbard 0650

The Securities Salesman's Corner

It is our desire to develop this column into a clearing house for ideas. If we could pass along some things that the other fellow is doing which is helping to meet present-day conditions it no doubt would be of some interest to all concerned. In this connection, we would sincerely appreciate your comments or criticisms and any suggestions you might wish to send along.

Want to Sell Insurance Stocks?

If you do—make your presentation **brief.** There is no finer group of investments in this country today. Most alert dealers and securities salesmen know this is a provable fact. The general public, however, still has much to learn about the many advantages of the various leaders in the fire and casualty field. If you wish to go into the details of the insurance business, quite naturally, any presentation of the securities of the various companies becomes complicated. This is confusing to the investor. Loss ratios, reinsurance, the different types of coverage, unearned premium reserves, etc., etc., are essential parts of the total information any dealer and salesman should have before he makes an offering to his client—but the less he says about them the better.

So sidestep the details. The record of the leading companies in the fire and casualty insurance field speaks for itself. Enough, to say that the insurance business is basic; without insurance our modern industrial civilization stops—completely. It's the truth! Enough to say that PRIORITIES DO NOT AFFECT IT—and if you don't think your clients realize how important this factor is to them **now**—it's time you brought it to their attention SHARPLY. Enough to say that STRIKES ARE NOT HANDICAPPING THE INSURANCE BUSINESS. Put it this way, "The labor racketeers have never yet been able to invade the field of the intelligent, highly skilled and well compensated insurance specialists who staff our major Fire and Casualty companies."

Then show the record. Procure a briefcase, loose-leaf is to be preferred. Select a minimum of fifteen outstanding insurance companies that you particularly favor. Set up their history and outstanding characteristics like the following sample.

THIS COMPANY HAS PAID DIVIDENDS EVERY YEAR FOR 68 YEARS

Home Insurance Company

Capital—$15,000,000 Surplus—$42,855,000

Organized in 1853, the Home Insurance Co. is the largest fire insurance institution in the Western Hemisphere. The company is licensed in all states, also Alaska, Hawaii, Puerto Rico, Canada, Cuba and Panama. It is reported to have some 17,000 agents of its own and it participates in the business written by the approximate 40,000 agents of the Home "Group" of companies. The policy holders rating assigned to the "Home" by the Alfred M. Best Co. is "A-plus," the highest given. In 1940, the Home reported **the highest premium income in its history totaling over $66,000,000.**

As of Dec. 30, 1940

Reported Total Assets per Share	**Total Assets**	Reported Liquidating Value per Share
$44.75	$135,256,086.00	$27.58

Capitalization consists solely of 3,000,000 shares of $5.00 par, capital stock

Percentage Distribution of Assets, Dec. 30th, '40

Real estate and mortgages	0.3%
U. S. Government bonds	4.1%
Other Bonds	9.0%
Preferred stocks	13.3%
Railroad com. stocks	3.4%
Public Util. com. stocks	3.7%
Bank stocks	2.2%
Industrial com. stocks	23.9%
Subsidiary com. stocks	12.2%
Cash	26.7%
Other assets	1.2%

Segregation of Premium Income

Fire	46.4%
Motor vehicle	37.7%
Tornado and Winds	5.4%
Inland Marine	3.3%
Hail	3.2%
Ocean Marine	2.6%
Miscel.	1.4%

5 year average earnings
1936-1940
$2.08

1940 Earnings

From investment	Underwriting profit
0.24	1.58

Total $1.92

Regular annual dividend rate $1.60 (including extras) payable S. A. February and August. At current market yield about 4.75%.

Set each company up in this manner—page after page. Let the record speak for itself. There is nothing like it in all the annals of any other American industry.

Sit down with your client—then turn the pages. North River, continuous dividends for 102 years; Franklin Fire 110, Aetna for 34, Agricultural for 77, American (of Newark) for 69, Continental for 88, Insurance Company of North America for 67, Hanover for 88, National Liberty for 81, National Fire for 69, Security of New Hampshire for 47, Westchester for 70, and these are only the beginning of a long list of companies that make up the insurance stocks available for investment where the yields in these days of vanishing interest rates are still from four to as much as five per cent.

If you don't think this method of presentation will prove itself—"we know of a salesman in New York City who showed ten fire insurance companies records set up in this manner to a large investor in securities who had never before bought a fire insurance stock. His first sale was for over 2,000 shares in five different companies—total investment over $80,000. Customer is pleased—he should be—even though Dow Jones Industrial averages are down about 16% from the time the sale was made, the insurance stocks show a 12% appreciation, plus a 4.70% return during the interim.

BUT MAKE YOUR CALLS AND SEE YOUR CLIENTS—UNLESS YOU DO, THE BEST IDEAS YOU'VE EVER HAD MIGHT JUST AS WELL BE FORGOTTEN.

NATIONAL
SECURITIES SERIES

Bond Series—Low-Priced Bonds
Preferred Stocks—Income Series
Low-Priced Common Stocks

First Mutual Trust Fund

Prospectuses upon request

NATIONAL SECURITIES &
RESEARCH CORPORATION
One Cedar Street, New York City

Guy A. Nelson with E. H. Rollins & Sons

(Special to The Financial Chronicle)

MINNEAPOLIS, MINN.—Guy A. Nelson has become associated with E. H. Rollins & Sons, Incorported, Northwestern Bank Building. Mr. Nelson for many years has operated the Guy A. Nelson Company in Minneapolis.

R. Kay Has Joined H. E. McMillin Co.

(Special to The Financial Chronicle)

CLEVELAND, OHIO—Richard Kay, formerly Vice-President and Secretary of Borton, Kay & Co., has become affiliated with H. E. McMillin & Co., Union Commerce Building, specialists in insurance stocks.

New S. Wales Bond Tenders

The Chase National Bank of the City of New York is notifying holders of State of New South Wales, Australia, external 5% sinking fund gold bonds, due April 1, 1958, that it will accept tenders for the sale to it at prices not exceeding their principal amount and accrued interest of an amount of these bonds sufficient to exhaust the sum of $198,519.08 which is now held in the sinking fund. Tenders will be opened at the corporate trust department of the bank, 11 Broad Street, New York, at 12 o'clock noon on Oct. 8, 1941.

FORMS
for computing
CAPITAL GAINS AND LOSSES

There's business-building *dynamite* in the Tax Act this year. At the greatly raised income tax rates, your clients—active, inactive, prospective—can't afford not to be tax conscious.

The Forms, which also carry simplified explanations of the Capital Gain and Loss provisions, have proved tremendous business-producers, even though trifling in cost. Write or phone for details.

MONTHLY STOCK DIGEST SERVICE
89 Broad Street New York City
WHitehall 4-7840

Investment Trusts

The only proper test for an investment trust is to compare its results with those of individual investors. The 6½ year record of an individual account, which is interesting for comparative purposes, has been analyzed by the distributors of Commonwealth Investment Company. In this account, between January, 1935 and June, 1941, there were transactions in 69 blocks of securities, in 47 of which profits were recorded

Through this account (averaging about $20,000) passed many highly-rated issues and market leaders: Montgomery Ward, General Electric, General Motors, Standard Oil of New Jersey, to name a few. Profits were actually taken, or were available at the end of the 6½ years on 47 of the 69 blocks. Losses were realized or existed at the end of the period on only 22 of the 69 issues. Yet the net investment result of the 6½ year period was a loss of $1,637.

This net loss occurred despite the fact that the account was well diversified at all times for a small account—the largest single investment at one time totalling $4,200, on which a good profit was made; despite the fact that profits were realized or available on over twice as many blocks as were losses.

The distributors of Commonwealth Investment Company—North American Securities Company—reports that this particular investor decided to sell all his individual securities and place all the proceeds in Commonwealth and two other well-managed mutual funds, based on the following considerations:

1. The better results obtained by the mutual companies as proven by the actual record.
2. The obtaining of much broader diversification than was possible with individual securities.
3. An income return equally as good from the mutuals and more uniform and dependable than from individual holdings.
4. No need to make decisions on purchases and sales of individual securities.
5. The hiring in effect of three full-time, experienced management organizations to supervise his funds.
6. A reduction in buying and selling costs, for odd-lot brokerage, commissions and taxes on individual transactions more than equalled the original load on mutuals over a period of years.
7. No profits or losses to report for income tax purposes and no taxes to pay for net gains. (He was usually paying taxes on profits even though many securities in the account showed book losses.)
8. Material reduction in record keeping of dividends and individual transactions.
9. The ability to liquidate all or part of his interest in the mutuals at any time at net asset value.
10. The ease with which additional capital could be invested since the shares of these three mutuals involved are always available.

It is this type of investor that the mutual trusts can serve best, and on which they rely for their future development. A study of this 6½ year record may be helpful to other investors in the same position.

FUNDAMENTAL INVESTORS, INC.

PROSPECTUS ON REQUEST

HUGH W. LONG and COMPANY
INCORPORATED
15 EXCHANGE PLACE JERSEY CITY • 634 SO. SPRING ST. LOS ANGELES

Investment Company Briefs

Lord, Abbett's authoritative **Background** analyzes the railroad outlook in its September issue. The study emphasizes the more realistic approach of government regulation in recent years and says in part:

"The recent increased activity of railroads owing to rearmament and aid-to-the-democracies has considerably improved the operating revenues and also the net returns of Class I railways. Reorganizations have made progress and some roads are now more satisfactorily capitalized than ever before in their history. The Transportation Act of 1940 has recognized the necessity of treating the railroads and their main competitors, motor and water traffic, on an equal basis. The Act has further encouraged companies to proceed with consolidation programs in accordance with their own ideas, thus definitely abandoning previous thoughts of maintaining every mile of trackage once created, whether profitable or not. In other words, the railroads are recognized as having left their historic status of monopoly and have been granted the rights of a type of enterprise threatened and crowded today by less costly and more profitable means of transportation."

The importance of tax savings under the new revenue law is being stressed on all sides. Hugh W. Long and Company, distributors of New York Stocks, Manhattan Bond Fund, and Fundamental Investors points out in a letter to investment dealers that a reduction of $1,000 on a $10,000 net income will mean a tax saving of $226 and a similar reduction on a $50,000 net income would mean a tax saving of $590.

Many investors can take long-term or short-term losses on some of their investments, thereby effecting considerable tax savings

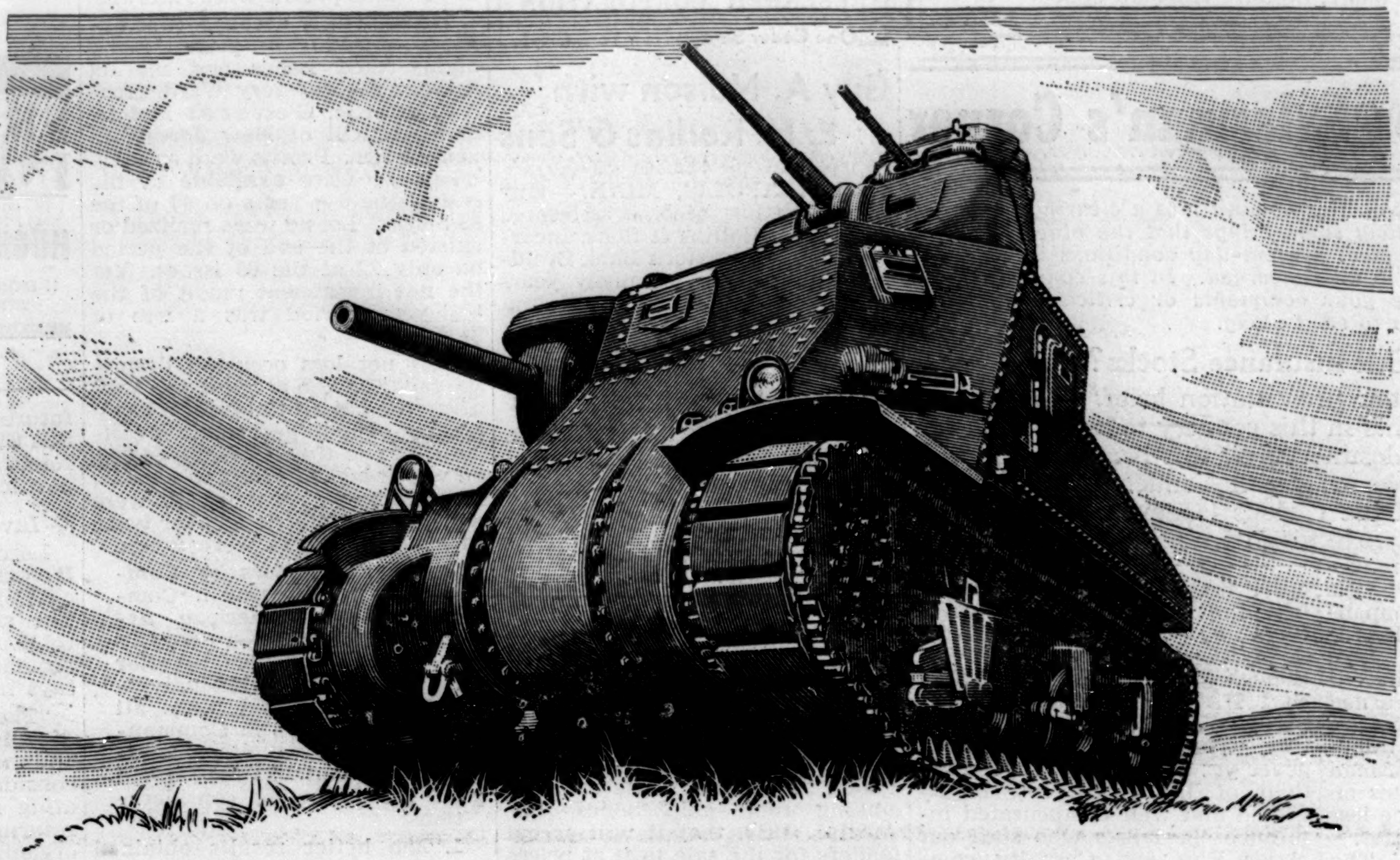
(Continued on page 507)

NATIONAL INVESTORS
CORPORATION

Prospectus on request

PYNE, KENDALL & HOLLISTER
484 Bloomfield Ave.
Montclair, N. J.

MANHATTAN
BOND FUND
INC.
PROSPECTUS ON REQUEST
Wholesale Distributors
HUGH W. LONG and COMPANY
INCORPORATED
15 EXCHANGE PL. JERSEY CITY 634 SO. SPRING ST. LOS ANGELES



Behind Ramparts of Rolling Steel

Now, in this autumn of 1941, in mounting numbers come ramparts of rolling steel for our Armored Force from industries which once were devoted solely to the arts of peace. And from a host of other plants which even a few years ago were as remote from the making of munitions as they were from war itself come hundreds of no less essential contributions to defense.

As the national effort broadens, more and more of these often unsung industrial fighters for democracy play their vital parts. Behind them, in turn, stands the mobilized bank credit of the country, speeding in many ways the great task at hand. For bank credit assists in converting plants to new uses, in helping to create additional plants, in making needed tools, in financing purchases of materials, in facilitating subcontracting and in dozens of other ways, all necessary to swift and sure completion of rearmament.

The Chase National Bank, in its manifold relationships with banking and industry throughout the country, is aiding in vigorous measure in the rearming of the nation.

THE CHASE NATIONAL BANK
OF THE CITY OF NEW YORK

Member Federal Deposit Insurance Corporation

"All Out" Taxation Needed to Pay For Defense without Inflation

The necessity of action to avert inflation was stressed by Secretary of the Treasury Morgenthau, in an address before the annual Convention of the American Bankers' Association at Chicago on Oct. 2, at which time he said that "the most important task of American bankers lies immediately ahead, and it is a broader and bigger task than any you have yet been called upon to perform. That is the task of doing everything in your power, not only as bankers but as influential and respected leaders in your communities, to fight this evil of inflation wherever it rears its head." In his address Secretary Morgenthau stated that "under the impact of our comparatively modest expenditures up to now, our national income has increased by $14,000,000,000 in a year, and we are feeling all the preliminary symptoms of a serious price inflation. What will the inflationary forces be six months from now," he said, "when we shall be spending much faster and when the supplies of materials for civilian use will be smaller than they are today? Where will prices be then, if we do not act courageously to check them now?" He went on to say that "it is imperative that we set aside a great part of that national income, and especially the increase in the national income, if we are to put an effective brake upon inflation."

Mr. Morgenthau told the bankers that "our indispensable method of paying for defense without inflation is "all-out" taxation, a method that has not yet been tried in spite of the good start that Congess has made in raising $3,500,000,000 in additional revenue. With the help of the new Revenue Act of 1941," he noted "our tax structure will yield about $14,000,000,000 in revenue, but in my opinion it still contains many fine qualities and many omissions which will have to be corrected next year." Secretary Morgenthau went on to say:—

> The tax bill next year will have to a genuinely "all-out" bill, a genuine levy upon all in accordance with their ability to pay, if it is to raise the necessary revenue, place the necessary check upon inflation, and take the profit out of war.
>
> The second indispensable method of drawing off excess consumer purchases is by borrowing as much as possible from the genuine savings of individuals throughout the country. I know I can count on your wholehearted cooperation whenever we have to come to your banks for funds. The way to proceed now, however, is to finance our needs as far as possible without adding unnecessarily to bank deposits, to borrow instead from private investors, large and small, and thus to reduce the inflationary pressure of our swiftly rising national income.
>
> The Defense Savings Program has now been in progress for five months. It has yielded us a billion and a half dollars from two and one-half million individual investors. The result so far is certainly not below our expectations, but just as certainly it falls far short of our needs. It falls short especially in that it has only begun to reach workers' payrolls. Every one of the great national labor organizations has given its endorsement to systematic saving and voluntary payroll allotment plans are now in operation in more than five thousand companies employing between five and six million workers. Our strongest efforts must now be made in our great industrial centers, and must be directed at the good sense and patriotism of the workers themselves.
>
> I can find no usefulness, for our present purposes, in the old Liberty Loan method of fixing money quotas for communities, trades, labor unions, school-classes or individuals in this Defense Savings Program. I can see no value, either in terms of economics or of morale, in high-pressuring people to take money out of banks savings accounts or out of life insurance. But I do see a great benefit, financial and moral, in persuading spenders to set aside, systematically, week after week, a part of their current income for their own good and their country's good.
>
> The kind of spending that the Treasury is most anxious to divert into Defense Savings Bonds is the spending produced by pay increases and bonuses, and by increased dividend payments. I should like to offer as a suggestion, for example, that every Christmas bonus in the United States be paid in Defense Savings Bonds or Stamps this year. The banks of America can start the fashion so that it will sweep the country. The total amount of such bonuses may be small, but there could be no finer example to the public, no more striking reminder of the spirit of these times, no better safeguard for the days of economic strain that are sure to follow the war.
>
> We at the Treasury believe that the voluntary Defense Savings Program has already awakened a greater sense of pride in America and a greater sense of participation in the national effort. We shall continue along that road of voluntary cooperation, and I am perfectly confident that we shall reach vast numbers who are willing and eager to put their savings to work for their country.
>
> In this effort the Treasury will continue to depend greatly upon the bankers of America, not only as its agents in selling Defense Bonds but also as missionaries in spreading the gospel of savings in times like these.
>
> There are no commissions for bankers in this work, and you have asked for none. But in order to enable you to give wider distribution to Defense Savings Bonds, I am happy to announce to you this morning that it will no longer be necessary for you to put up collateral for the Series E bonds which you keep in stock for customers. I hope that this will relieve the banks, especially the small banks, of a real burden, and I hope that you will not hesitate to tell us at the Treasury of any similar burdens which you feel may be hampering you in the sale of these bonds.
>
> Wider savings and greater taxes will not, of course, be enough in themselves to cope with the inflation that now confronts us.
>
> You have seen the joint statement issued last week by the Federal Reserve System and the Treasury, dealing with the raising of bank reserve requirements to the limit of the law, and pledging full cooperation with the Office of Price Administration and the new Supply and Priorities Allocations Board.
>
> That joint statement was a reminder of the fact that the Government already has powerful weapons of control in its hands, and that if it needs more power it will ask Congress for whatever it needs, in the fight against rising prices and falling living standards. It is now asking for additional power through the price-control bill, which I hope will be passed by Congress without delay.
>
> I have already suggested an extension of the social security program as a possible method of absorbing several billion dollars of next year's national income and thus building a further reserve for the future. I have already suggested, not once but repeatedly, that the Government cut down immediately on non-defense expenditure, not only as sound financial policy but as sound anti-inflationary practice.
>
> Of course, such a combination of emergency taxes, priorities, savings and price-control will cause some inconvenience; of course it will cause some hardship, some sacrifice. We are now engaged in a world struggle that demands all our energies and all the qualities that have made America great. As a result of that effort we are compelled to fight another enemy, the enemy of inflation, on the home front. How can we hope to win unless we first throw onto the rubbish heap all ideas of business as usual, pleasures as usual and comforts as usual? In my opinion, complacency is our major source of weakness today in building our defenses, for it saps our will and clouds our minds, and blinds us to the stupendous size of the job that confronts us.
>
> We can conquer inflation on the home front if we act now, just as we can ensure the defeat of foreign tyranny if we rouse ourselves in time. Most Americans, I think, are beginning to see that they have a personal stake in the fight against inflation, just as most of them began long ago to see their individual stake in the destruction of the Axis war machine. I am confident about the outcome on both fronts, because I have a deep and abiding faith in the common sense of the American people.

Earlier in his remarks Secretary Morgenthau stated that "we now know that the inflation of a quarter-century ago, with all of its injustices and dislocations, could to some extent have been avoided if the Government of those days had acted more promptly, if it had taxed more heavily and borrowed more widely from genuine savings." He further stated:—

> When the inevitable collapse came, no fewer than 2,910 banks with 790 million dollars of deposits were compelled to suspend operations in the five-year period from 1921 to 1925. Humpty Dumpty had fallen from the top of a very high wall, and many years of effort were needed to pick up the pieces. It is our job at the Treasury and the Federal Reserve, and yours as custodians of the people's money, to make sure that any present-day descendants of Humpty Dumpty shall not go climbing up that wall of expanded credit and higher prices again.
>
> That is why my first plea to you as bankers is that you scrutinize closely your own lists of applications for loans. Those lists contain within them much of the ammunition of inflation. You have in your hands, therefore, one of the most effective weapons for checking inflation at its source. You are sure to find, on looking over your lists, many applications for money for non-defense projects that would involve competition for steel or copper or any of the thousand and one materials now needed so desperately for our defense effort. If you can postpone all such unnecessary loans until a later day, without waiting for the priorties to become broader, you will be doing a real and lasting service to your country.
>
> I hope that in the not too distant future the priority system will become so effective that the supply of practically all raw materials for all purposes will be under full control in the interests of national defense That should mean that materials which must be used for defense purposes will not go into any unnecessary civilian projects But until that day comes, I hope that you will constitute yourselves the sentinels of the nation, in your own bank and your own community, in guarding against any private encroachment upon the stock of resources needed for the National effort

Pointing out that "defense expenditures have now risen slowly to more than a billion and a quarter dollars a month," Secretary Morganthau added:

> They will soon be a billion and a half, but even then they will be utterly inadequate compared to the need. Perhaps "inadequate" is too mild and charitable a word. We are trying to make ourselves the arsenal of democracy by devoting only 20% of our factory and mining output to defense, only 30% of our output of durable goods, only 10% of our output of non-durable goods, and only 16% of our national income. That surely is very far from total defense or all out effort.
>
> Nobody can emphasize too often or too strongly the magnitude of the job which we American people have set out to do. Let me give you a few simple illustrations. At present prices the cost of the total defense program as now planned, will be more than 50 billion dollars. This is 10 billion dollars more than the original value of all building construction in the United States since 1927. It is twice as much as the total investment in American railways. It is twice as much as the total value of all passenger automobiles produced in this country during the past 14 years.
>
> Yet there is no reason whatever for us to be discouraged over the mere size of the job ahead. In spite of a slow start, we are now on the road to an expansion of production which will confound those of narrow vision and little faith who cried, "It can't be done." The capacity of America to produce over the long pull is almost limitless. We Americans can do any job that we set ourselves to do.

GOOD FARMERS ARE A . . . Good investment

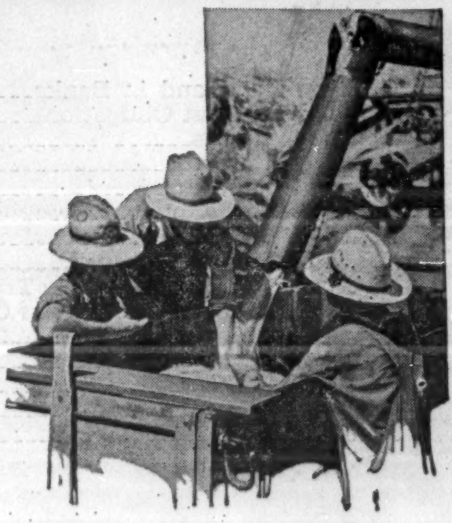
SINCE ORGANIZATION eighteen years ago the twelve Federal intermediate credit banks have supplied good farmers with nearly five and one-quarter billion dollars in credit to carry on their current operations. In thus bringing together desirable credit needs, these banks counterbalance loans to—cotton and tobacco growers in the south, dairymen in the northeast, cattle and lamb feeders in the mid-west, fruit raisers and range owners in the far west, and for other essential agricultural purposes the country over.

Capital to finance this accommodation is obtained through the sale of consolidated debentures, which are the joint and several obligation of the twelve banks. The reliable record of good farmers and inherent strength of the issuing institutions have been important factors in establishing the debentures on a sound investment basis.

THE FEDERAL INTERMEDIATE CREDIT BANKS

SPRINGFIELD, MASS. COLUMBIA, S. C. NEW ORLEANS, LA. ST. PAUL, MINN. WICHITA, KAN. BERKELEY, CAL.
BALTIMORE, MD. LOUISVILLE, KY. ST. LOUIS, MO. OMAHA, NEB. HOUSTON, TEX. SPOKANE, WASH.

Further information regarding the Debentures may be obtained from
CHARLES R. DUNN, *Fiscal Agent* 31 Nassau Street, New York, N. Y.



American Bankers Association

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1941-1942

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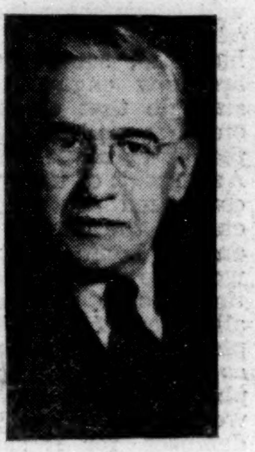


Richard W. Hill

Statement, September 1, 1941

THE DIME SAVINGS BANK OF BROOKLYN

BROOKLYN, N. Y.

RESOURCES

Cash on Hand and in Banks		$14,228,035.06
U. S. Government Obligations		57,880,316.96
Bonds of States		416,626.23
Bonds of Cities		10,606,022.84
Bonds of Counties		1,693,329.76
Bonds of Towns		612,313.70
Bonds of Railroads		6,982,171.62
Bonds of Public Utilities		6,009,018.51
Investment in Savings Banks Trust Company and Institutional Securities Corporation		1,247,850.00
Bonds and Mortgages		133,981,088.01
Banking Houses		3,429,800.00
Other Real Estate		4,498,905.00
Interest Due and Accrued		1,491,945.85
Other Assets		7,791.89
		$243,085,215.43

LIABILITIES

Due 205,666 Depositors	$203,421,031.24	
Due 31,887 Christmas Club Depositors	1,216,109.25	
Reserves	1,819,370.00	
Other Liabilities	943,369.85	
		$207,399,880.34
Surplus (Investment Value)		$ 35,685,335.09

Henry W. Koeneke, President Security Bank of Ponca City Elected President of ABA

Henry W. Koeneke, President of the Security Bank of Ponca City, Okla., was elected President of the American Bankers Association at the closing session of its 67th Annual Convention in Chicago on Oct. 2. Mr. Koeneke was advanced from the office of First Vice-President, which he filled last year.

W. L. Hemingway, President of the Mercantile-Commerce Bank and Trust Co., St. Louis, was elevated from Second Vice-President to First Vice-President. A. L. M. Wiggins, President of the Bank of Hartsville, Hartsville, S. C., was elected Second Vice-President. Mr. Wiggins has been Chairman of the Association's Committee on Federal Legislation for the past three years.

At a meeting of the Executive Council of the Association William F. Augustine, Vice-President of the National Shawmut Bank of Boston, was elected Treasurer of the ABA.

In his inaugural remarks President Koeneke said in part:

> With the close of this convention, the Association enters the 67th year of its existence. It has lived on through wars, panics, days of prosperity, and through times of deep pessimism. It is among the ten oldest of the 2,500 organizations of its kind in existence today. On the other hand, during its lifetime it has seen many hundreds of other organizations live for awhile and perish. Therefore, we may speak of our Association as an institution, but unlike many institutions, it is not the shadow of any one man. Through the years hundreds of men have given of their time and energy to the advancement of the Association's welfare. Each administration builds on what has gone before. On this platform tonight are a group of men who as Presidents in former years have each contributed their share to the advancement of the Association's prestige. I am deeply grateful to you for the opportunity this position affords me to give all I have to the cause of chartered banking through the work of the organization.
>
> Beginning in 1936, the American Bankers Association undertook a regional conference program to carry the manifold services of the organization to the bankers in every section of the country. These meetings have been in the nature of small conventions and have been a splendid service to the banks all over the nation.
>
> During the ensuing year we expect to continue this program and, in addition, add another service of a similar character for the member banks. The added activity will be the intensive study and discussion of some highly important services which banks are rendering to the public at the present time. These meetings will be in the nature of clinic sessions wherein one or two days will be devoted to the consideration of a single subject. Problems of urban real estate mortgages, agricultural credit, consumer credit, operating technique, insurance and protection and customer relations will be among the topics considered in this manner.
>
> Having spent most of my business life in areas where many of our country banks carry on the banking service of the nation, I am anxious that these banks become aware of the many advantages which can come to them through membership in the American Bankers Association. The clinic sessions will prove a splendid vehicle to carry out this objective.
>
> In addition to its responsibilities to its members, the American Bankers Association has an obligation to the people of the country as a whole. These are emergency hours. The government must depend on its citizens and their respective organizations during such times to render patriotic service wherever needed. During the past year the Association has performed work for the government that was not even thought of when we left our convention twelve months ago.
>
> In all our plans, therefore, for the year ahead we have this fundamental reservation — everything may be changed to enable us to do our part in the nation's defense program. The welfare of the country transcends all else.
>
> On a number of occassions during the life of this Association beginning in 1875 we have answered the nation's call. Uncle Sam can depend on us now just as in the past, for this organization is still the *American* Bankers Association.

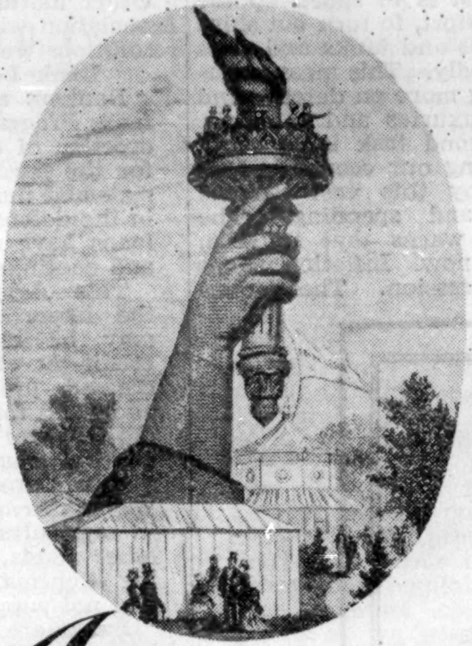
R. Stockton New ABA Trust Division Pres.; Theis Chairman of Executive Committee

Richard G. Stockton, Vice-President and Trust Officer of the Wachovia Bank and Trust Co., of Winston-Salem, N. C., was elected President of the Trust Division of the American Bankers' Association at the annual meeting held at Chicago on Sept. 29 during the convention of the American Bankers Association. Mr. Stockton was elevated from the office of Vice-President, which he held during the past year. Louis S. Headley, Vice-President of the First Trust Co. of St. Paul, Minn., was elected Vice-President of the Division. Henry A. Theis, Vice-President Guaranty Trust Company of New York, New York City, was elected Chairman of the Executive Committee of the Trust Division. According to precedent, Mr. Theis will become respectively Vice-President and President of the Trust Division of the American Bankers Association in the succeeding two years.

Mr. Theis was born in Germania, Pa., in 1884, and was graduated from Lafayette College with honors in 1904. He joined the Guaranty Trust Co. in 1904 and worked in various departments until 1907, when he left the company to go with the Franklin Society for Home Building and Savings, of which institution he became Vice-President and General Manager. He returned to the Guaranty Trust Co. in September, 1918, and was appointed an Assistant Trust Officer. He was made an Assistant Vice-President on Feb. 11, 1926, and a Vice-President on June 9, 1927.

Mr. Theis was one of the original members of the Fee Committee of the Corporate Fidu-

(*Continued on Page* 504)



← The right forearm of the Statue of Liberty arrived first in this country in 1876 for display in the Centennial Exposition at Philadelphia.

It was then removed → to Madison Square Park on Fifth Avenue in New York *(extreme right in picture)*. It remained there until 1884 while funds were raised for the base of the Statue.

Insuring Democracy

The arm was returned to France for completion of the entire Statue which subsequently arrived at Bedloe's Island and was erected late in 1884. The raising of this symbol of liberty was considered quite an engineering feat in its day. Keeping its flame burning brightly to warm and encourage all lovers of freedom is the quiet determination of 130 million people.

THROUGH good times and bad since 1853 this institution has been providing sound insurance protection to American property owners. We believe this entitles us to the claim that we know something about good insurance. Of all the forms of insurance that serve the individual none can compare with the finest kind of insurance that will serve us all—United States Defense Bonds. For the safest investment in the world—for insurance that will help safeguard our liberty—Buy United States Defense Bonds.

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ABA Warns Against Destroying Incentive

Commendation by the American Bankers' Association of "the policy of the Federal Government to meet a large proportion of the cost of the defense effort through taxation," was contained in resolutions adopted by the Association on Oct 2, which, on the subject of taxation added:

This is sound public policy.

It is necessary, however, that in determining types and methods of taxation the burden should be distributed equitably over the whole population. Unless those who receive increased wages and profits from defense pay proportionate taxes, their spending will be inflationary. Unless all of the people share knowingly in paying Federal taxes, spending will become politically uncontrollable. Representation without taxation may be as vicious as taxation without representation.

Equally, it is necessary that the power of taxation must not be used to destroy enterprise, which is the only source both of taxes and of the unparalleled standard of living of this country. While a heavy burden of taxes may be necessary, each tax must be scrutinized to make sure that it does not destroy either enterprise itself or the incentive for enterprise.

It was pointed out in the resolutions that the United States today faces two major tasks:

The first is to speed up the defense effort, to turn out ships and planes and tanks and guns more rapidly. This means concentrating more on defense and less on luxuries and comforts.

The second task is to avoid unbalancing our economic machinery by this vast defense activity and spending. The Treasury warns that inflation threatens now. Inflation means later depression. These dangers can be avoided, but only by persistent, intelligent, and united effort.

To both of these tasks the bankers of the United States pledge their full support.

Other matters as to which the Association went on record in its resolutions were the following:

Bank Lending Policies

Bankers are aiding the Defense Program by loans for the erection of defense plants, and for the purchase of raw materials and the payment of wages in the defense industries. Such loans have reached huge sums and continue to mount.

This Association recognizes the important assistance that may be rendered by sound credit in stimulating the increased production of "Food and Feed for Defense." Bankers will work with the farmers of this country to attain the higher production required. We reaffirm the position that in agricultural credit, as in other fields, government lending agencies should supplement and not supplant the banks.

Banks are observing both the letter and the spirit of the new regulations for controlling instalment credit.

This is a time for liberal lending for defense and for conservative lending for all other purposes. This is a time when in their own interest people generally should be paying their debts instead of borrowing more.

This particularly is a time for bankers to keep their own houses in order and to avoid credit expansion for excessive inventory accumulation or for other speculative purposes. This objective can be attained best through our voluntary cooperation rather than by government regulations.

Small Business and Defense

No man knows better the problem of the small business man than does his banker. Small business has a vital role in defense. Bankers have aided and will continue to aid in speeding expansion of the defense program through subcontracts to small business and the "bits and pieces" plan.

Defense Savings Bonds

Bankers endorse the effort of the government to borrow directly from its citizens through the sale of defense savings bonds, stamps, and tax anticipation notes. This is a sound step in resisting inflationary credit expansion. Banks are cooperating vigorously in the sale of these obligations as a public service and without profit. In their own self interest we urge all citizens to buy all three issues.

Price Control

A policy of controlling inflation must include direct control not only over prices, but also over the cost elements which are the cause of prices. Such controls must be equitable. No pressure groups should be allowed to obtain unfair advantage over other citizens in a less favorable position to exert political pressure. We believe all of our people are prepared to cooperate in proposals which are fair and just to all, but we believe that complete cooperation is dependent upon the fairness and justice of the program adopted. There must be no exception; there must be equality of sacrifice.

Non-Defense Spending

This Association heartily approves the creation by the Congress of a joint Committee to investigate Federal expenditures and to recommend the reduction of non-essential spending at this time of emergency. When men in the service, taxpayers, businessmen, and others are being asked for sacrifices, the agencies of Government

(Continued on Page 499)

*PARA AYUDARLE
EN SUS NEGOCIOS

The first overseas unit of any American national bank—National City's Buenos Aires branch (founded 1914)

MAKING these five words mean something helpful to American business is a job this bank has been doing for 27 years.

In Spanish they say, "To help you transact business"—and that's the object of National City's widespread Latin-American organization.

National City was the first American national bank to enter this field. Since 1914 we've built up a knowledge of Latin-American relationships that is proving to be of increasing value to business here.

Differences in customs, in banking and exchange regulations are only a few of the problems business faces. To help you, we put at your disposal the experience of more than a quarter of a century, and an organization comprising 41 branches throughout South and Central America and the Caribbean.

This knowledge and experience is at the disposal of American banks through our Head Office in New York, or through Correspondent Banks from coast to coast. In addition, a group of officials at our Head Office is exclusively engaged in Latin-American relationships and is in daily contact with our branches there.

Through these men, these branches and this accumulated experience, we try to put extra meaning into those five words that say:

* "TO HELP YOU TRANSACT BUSINESS"

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NATIONAL CITY BANK OF NEW YORK

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Rio de Janeiro
Pernambuco
Santos (Agy.)
Sao Paulo

CANAL ZONE
Balboa
Cristobal

CHILE
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Valparaiso

COLOMBIA
Bogota
Medellin
Barranquilla

CUBA
Havana
(*Sub-branches*)
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Galiano
La Lonja
Caibarien
Cardenas
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U. S. Free Enterprise Must Be Safeguarded

Pointing out that "we have on our statute books to-day laws that a great many of us sincerely believe are foreign to the ideals of democracy," Benjamin E. Young, Vice-President of the National Bank of Detroit, of Detroit, Mich., stated at the annual convention of the ABA in Chicago on Oct 1 that "these enactments are legal but I wonder if they are moral. Will they produce the greatest good for the greatest number of people over a period of time?" Mr. Young, who addressed the Round Table Conference on Defense Financing at the Convention declared that "a result of our social differences is that Government must do the job of control which a free people should do for themselves and did do for themselves for upward of a hundred years. Government will certainly continue to do this job unless that people quickly arrive at a reconcilation of their differences and exercise a self discipline, native to America, to a degree this country has not seen for many a year. Churchill called it 'blood, sweat and tears'; by the grace of God, so far, we are called upon only to work, save, lend and sacrifice."

Mr. Young continued:

> Commodity prices have shown a substantial rise. The demands of people for every-day goods is competing with defense production. As articles get scarcer they become more costly. The theory that we can have great quantities of consumer goods and yet have a defense production for the size projected has been proven to be ridiculous, but this does not mean that the production of every-day goods should be neglected during this period. And parenthetically, let me add that I am glad to learn that something is to be done to preserve the small businesses. One of the greatest protections we can have against runaway prices lies in the production of the maximum quantity of consumer goods. Another protection lies in the curtailment of their consumption by all of us. Another lies in heavy taxation applied against new-found profits resulting from our inflated economy, whether those profits rest in the hands of corporations, business men, farmers or workers.
>
> There must be a broader understanding of these principles. It is hard to sit by and see farm and labor groups — many of whose ideas find commendation in the minds of most Americans — through demands running diametrically opposite to their own long term best interest and to those of the country as a whole—force a choice between outright inflation with its accompanying miseries for all, and governmental dictation or subsidization which, once inaugurated, will probably continue to invade the privacy of every man's life. It was on account of such things that the colonies of the new world broke away from the old — dictation and subsidization of that sort is intolerable to the American way of thinking. Farmers, workers, business men—we all must come to understand that principle; we all must curtail our instincts for luxuries; we all must control our desires for extraordinary profits; we all must submit our incomes to a heavy but equitable taxation; we all must open up such means as we possess for governmental use during the period of this emergency if we are to emerge therefrom a solvent group of free men. We cannot prey upon each other except at a heavy cost. We must band together for the common good—we must preserve the essence of free enterprise—the farmer with the right to farm as his judgment dictates; the worker with the right to work at a job of his own choosing, the business man with the right to do business in a fair and upright manner.

It is unfortunate that we have on our statute books today so many laws that, in final effect, hamper these aims. Class legislation is a vicious thing, particularly in such a country as ours where we really have no classes. Such laws must be undone. Every one should realize that a temporary advantage gained by a group of people over their fellows will inevitably bring about a reaction in the long run. Unfortunately, such reactions do not stop at the point of balance. Always, they go to the point of persecution of the once favored group. In our country emotionalism has for many years supplanted cold reality in the making of our laws. Who among us can fail, in the light of history, to realize that thoughtless people for a long time to come will demand and secure retaliatory measures with the mistaken belief that justice is being done. Today, I conceive it to be our duty, as thinking citizens, to bring every possible influence to bear upon our law makers to correct such misconceived measures.

In these remarks I have tried to point out the principle factors which affect our economy at this early stage of our defense effort. There also has been pointed out the fact that governmental expenditures of the size contemplated, while essential to the security of American sovereignty, can destroy the very thing we have set out to defend. We do not want that to happen and many Americans feel we already have traveled a road toward state socialism which must be definitely reversed.

We all agree, I am sure, that our President and our Congress are directing the national effort to a necessary end—national defense — whether prudently or wastefully, no layman can know. We could wish that history, as written during these past few years, were much different. Effort is demanded today to offset to the maximum extent possible the adverse effects of that history. What each man can do is purely up to him, and his willingness, and his ability.

We cannot afford to continue the process of inflating bank deposits to pay for the defense effort. To the maximum degree possible, the expense must be met by taxation. A broadening of the Selective Federal Sales Tax is undoubtedly required to help accomplish those ends and to raise a worthwhile sum of money.

Over and above taxes, considerable quantities of additional funds will be needed. Those funds should be provided from the savings of the country. Personal sacrifice on the part of every American is required in order to increase such savings for use in our common defense effort. Those funds, made available through the purchase of government securities by all of our people, represent the only sound way to finance our deficit. Many bankers labor under the misapprehension that such a process reduces bank deposits. That is not true for the banking system as a whole, generally speaking, as only the payment or shifting of government securities now held by banks, or an outflow of gold, or a liquidation of loans and investments will reduce the sum total of deposits.

Under present circumstances, new gold coming into the country should not be permitted to enter our monetary system and the payment of excessive prices for silver should be immediately discontinued. In view of the inflated condition of our monetary supply, it also would be a sound move were the President to relinquish his emergency monetary powers.

Mr. Young in his address also called to the attention of the bankers that during the 25 years ended in 1940, our Federal Government which acts in the capacity of general bookkeeper for all of us, failed by more than $40,000,000,000 to balance the accounts between us. "By that I mean," he said, "that some of us owe others of us more than $40,000,000,000 through the medium of the government's bookkeeping system." From his remarks we also quote:

> That debt, represented by U. S. Government securities, had its origin, generally speaking, in two places: about $15,000,000,000 represents unpaid costs of the last war; about $27,000,000,000 represents unpaid costs of financing the depression. The depression was largely the result of the last war and that is why our problems of today cannot be ignored, lest their results stretch far into the years ahead. The presence of such a huge debt in our economy has far-reaching significance, but, even more important is the fact that in managing the debt our Federal Government, through its fiscal policies, has gotten those accounts confused with the nation's monetary and banking systems. That is what happens when bonds representing governmental deficits are sold to commercial banks.
>
> Along with our climbing debt, there occurred an unsettled world situation which caused foreigners to send gold to America. We received some of this gold through the shipment of goods and through the sale of equities in American industry. Some of it was sent to us for safekeeping and we credited it to the accounts of foreigners. But however acquired, we took it into our monetary system.
>
> The effect of the sale of government securities to commercial banks and of the absorption of gold in our monetary system increased the country's supply of money including bank deposits by more than 50% between June 30, 1933 and June 30, 1940. This increase was more than $24,000,000,000 during that period. Of that amount, about $12,000,000,000 was created by placing government securities with commercial banks so that a substantial part of the nation's depression deficit not only has not been covered by taxation but has never been funded out of the people's savings. It has been taken care of by inflating bank deposits which represent an integral part of our money supply.
>
> As a result of those fiscal policies, we find ourselves in a situation which might be likened to the strewing of numerous firecrackers in the yard of a family

(Continued on Page 499)

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Financing of Massive Defense Program Should Be Done Through Normal Channels

Before the Round Table Conference on Defense Financing at the annual Convention of the American Bankers' Association at Chicago Oct 1, Mark A. Brown, Vice-President of the Harris Trust & Savings Bank of Chicago told the bankers that "it is difficult to comprehend the massiveness of this defense program. The bomber program alone," he declared, "calls for the creation in a limited number of months of an industry greater than the whole automobile industry of this country. The bomber industry alone will be, upon completion," he said "a greater industry than the whole of the automobile business of this country." In part Mr. Brown went on to say:

★

Put on top of that the tank business; the business of making tanks requires an industry greater than the whole of the General Motors outfit. And when you add to that the shipbuilding program, which calls for production of ships greater than the capacity in all the shipyards of the world in normal times, we are really looking into the future with determination to do a great big job.

Only 15% of our present industrial capacity is being used for defense. It is estimated that this percentage must be raised to 35 to 45%, which means trebling our present production of our capacity.

When you stop to think of when that thing trebles and then it trickles to the four corners of these United States, to the smaller communities, what an opportunity it presents for defense loans.

Our defense program is by far the most important factor in the prospects for the business of '41, and for a number of years ahead. As a nation, we have made two decisions which will shape our course for a number of years forward. The first decision is that we will become a strongly armed nation on land, and at sea, and also in the air. The second is that we will extend unlimited aid to Great Britain and her allies, as authorized by Lend-Lease. Thus, the making of munitions has become our most urgent and important industry.

* * *

We heard a lot at the outset of this thing about what the rates on defense loans should be. A lot of bankers cussed Jesse Jones because he flared up with the 1½% rate, but that does not tell anything. That isn't a part of his story. You are justified in asking your customer for an interest rate that will pay you for the service you give to your customer, not alone for rental of the money but for the service you give him, and he can afford to pay you, even clear of the legal rate, if you are alert and if you are on the job. Most of the bankers in this part of the country have set up such organizations within their shops to render a real service to their customers.

* * *

Our job is seeing that the financing of the defense program is accomplished as far as possible through the normal channels of private capital and independent bank credit rather than by the government. We want to be aggressive in seeking these loans. When we receive applications for amounts beyond our legal limits, let us be willing to cooperate with our neighbors, with the other banks in the community preferably, but if not, with our correspondent banks, and when we receive these applications that we do not consider bankable, we should endeavor to find out how we can make them bankable.

We are selling money. We are selling credit. The banker of tomorrow is going to recognize it a good deal more than he does today, after we get out of this emergency that we are in at the moment.

You know, there are three phases to this defense program: first, the letting of contract; then the tooling up, getting everything all in order, and then production. That is the big item, big production. Plants all over this country are going into big production at the moment.

Charles Garland, who was the financial adviser until a few weeks ago, of the OPM said, "Dollars must be supplied in larger quantities than ever before in our history to finance the defense program.

Despite the idle funds bankers are currently concerned about, bankers can be assured that today they enter the busiest period of their business careers.

Extend Social Security

President Roosevelt announced on Sept. 30 that he would soon ask Congress to extend the social security program to additional millions of workers. The purposes of the enlarged program, the President told his press conference, would be to serve as a slight deterrent to inflation and to ease the transition of industry to a peacetime economy after the emergency. Mr. Roosevelt further explained that the two main objectives sought by revising the Social Security Act are:

1. To make coverage as broad as possible in both unemployment insurance and old-age pensions.

2. To work out a system whereby Federal assistance will be increased in poorer States.

There are now about 40,000,000 persons covered by the Social Security Act and Board officials pointed out that the extension of the program might include an additional 27,000,000 persons, listed as follows: 2,500,000 domestic servants, 4,500,000 farm laborers, 5,000,000 self-employed, 7,000,000 farm operators, 3,000,000 casual laborers, 4,000,000 public employees and 1,000,000 charitable workers.

The President conferred earlier the same day with Secretary of the Treasury Morgenthau, Secretary of Labor Perkins, Paul V. McNutt, Federal Security Administrator; Harold D. Smith, Budget Director; Arthur J. Altmeyer, Chairman of the Social Security Board, and Roy Blough, Chief of the Tax Research Division of the Treasury.

Assembly Lines of Defense

WHAT is taking place in the automobile industry today is perhaps best described by the observer who said: "The *difficult* thing can be done right away; the *impossible* will take a little longer."

So many feats of engineering and production have been performed by the automobile industry that few people realize how totally different from its normal operations are the defense jobs which the industry has undertaken to do.

Since the defense program was begun, Chrysler Corporation and other automobile manufacturers have assumed an increasingly substantial share of the load.

The responsibilities undertaken, and the great progress thus far made, cannot be measured in terms of dollars, nor men, nor machines, nor even deliveries to date. In fact, the production stage is just beginning – but to get so far so soon is in itself a notable achievement of planning, and building, and organizing on the part of this industry.

Chrysler Corporation's participation in the defense program has entailed not only the designing and building of new factories, the adaptation of existing facilities wherever possible, the designing, building and installation of millions of dollars worth of machine tools and other equipment, but also the shifting of important key men from domestic to defense work, and the training of thousands of others for exacting new skills.

The production facilities of all of Chrysler Corporation's Divisions – Chrysler, De Soto, Dodge, Plymouth, Engineering, Airtemp, Amplex, Parts – have been assigned important parts of its defense work, and they are contributing their individual and combined skills and experience.

Furthermore, just as Chrysler Corporation's productive facilities are being widely utilized for defense purposes, so its vast engineering resources are largely devoted to Defense—the Number One Job. The personnel of its technical and research laboratories—including engineers, scientists, metallurgists, designers, draftsmen and other specialists—are at work on the development of various Army and Navy engineering projects.

Chrysler Corporation

SOME DEFENSE PRODUCTS OF CHRYSLER CORPORATION

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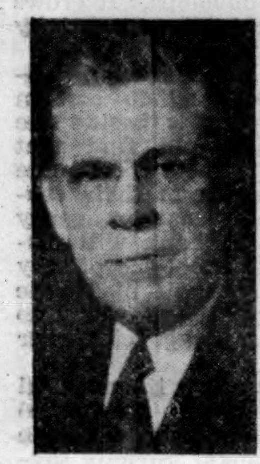
YOU GET THE GOOD THINGS FIRST FROM CHRYSLER CORPORATION

Commends Response of Bankers to Needs

P. D. Houston, in his annual address as President of the ABA presented at the opening session of its annual convention at Chicago on Oct. 1, stated that "in this year of many distractions it has been important to keep the vital service that banks are performing continuously before the public." He went on to say—

Organized banking activity and banker opinion has been widely publicized. The Association has continued to assemble data on the normal lending activity of banks and, in addition, on the defense lending activity of banks, and to give the results of the survey to the press. The press has recognized the merit of these data and has accorded generous space to them in both its news and editorial columns. I want to take this occasion to thank the thousands of banks which made this work possible by responding to the Association's questionnaires and otherwise assisted in the compilation and publication of these vital studies. It will be necessary to continue this kind of activity in order to build an accumulating record of bank lending and other service. I know you will all help by continuing to respond to such requests for data as we find it necessary to send to you.



P. D. Houston

In outlining the activities of the Association during the year Mr. Houston, who is Chairman of the Board of the American National Bank of Houston, Tenn., said in part:

> We can take pride in the manner in which the banks have responded to the financial needs of the nation in the present crisis. At the beginning of the rearmament program there were those in political circles who asserted that the banks were unequal to the credit needs that would develop. From the outset of the program we have affirmed the support of the banks and their adequacy. We have called on many of you for extra service and you have given it.
>
> Last fall a nationwide organization was set up under the leadership of the National Defense Loans Committee to foster lending on defense contracts. Many meetings were held, contact was maintained with defense authorities, bulletins and other literature were produced, and advertising material was provided. The overwhelming majority of defense supply loans were made by banks. Even the critics were confounded. The results speak for themselves.
>
> The same organization, the same enthusiasm was put behind the Defense Savings Bond program. Our bulletin was adopted as the standard primor. Banks spent thousands of dollars to advertise these bonds. They outsold every other agency, and they received the public commendation over the radio for their service from the Secretary of the Treasury.
>
> Yet we have seen but the beginning of our war efforts. The conflict will increasingly dominate the nation's activity. More and more of the country's productive capacity will be demanded by it, more and more of our banking service will be required. More and more centralized authority will be exercised.

Not until recently have the people begun to realize this. Only the curtailments of motor car production, gasoline restrictions, the disappearance of silk stockings, shortages in consumer goods and the deprivations of priorities have driven these facts home.

President Houston took occasion in his address to refer to "a tragic hardship" which he noted "has been worked on many business enterprises, especially on the smaller type of business, by virtue of the priorities requirements of the armed forces." "Many," he said, "have been deprived of their very life blood which consists of the materials they must have if they are to stay in business." He added:

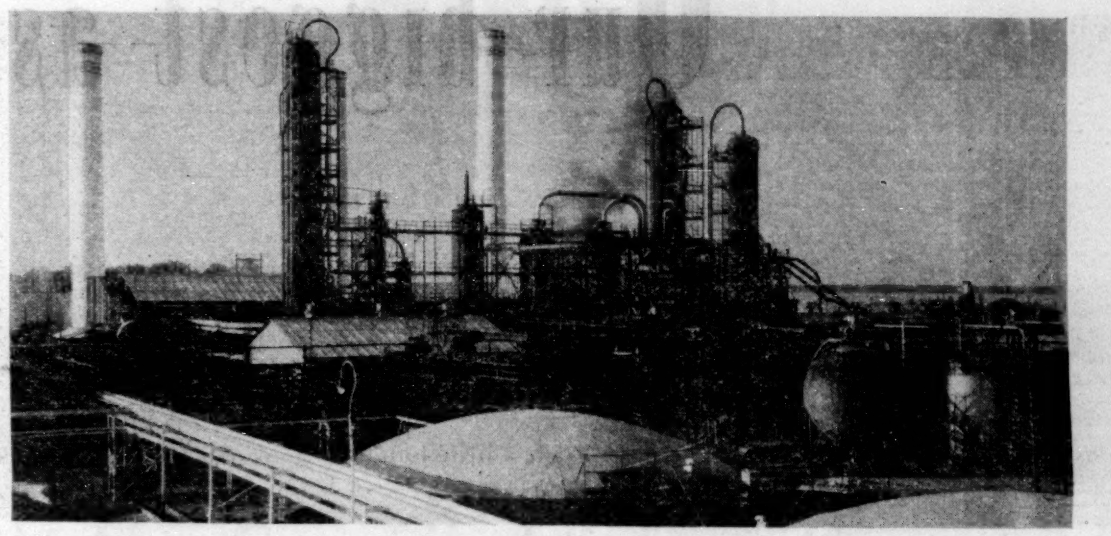
> They must have materials for their normal business or they must have them for defense production. The government is now undertaking a program to relieve this distress by spreading orders for military supplies throughout the economy. We applaud this program and pledge our support to this effort to preserve the business order, especially the small business man.
>
> As the program develops we shall have new opportunties for service. It will bring defense goods orders to many places which have not felt them up to now. Many more applications for loans will be received. I know that we will all do as good a job in taking care of then as we have done in providing defense credit up to now.
>
> It is important that the government and the people recognize that the war effort in which we are engaged must be successful. There can be no turning back now. Political programs, and partisanship have no place in it. Winning a war requires the concentrated, united effort of all the people. It cannot be won by giving political rewards to individuals or pressure groups. Every individual has an equal stake. No one group should be permitted to exploit the emergency at the expense of others, or at the safety of the nation.
>
> A year ago the question that confronted us was whether democracy could move fast enough. Time was of the essence. The courage of the British, the collapse of Italy, the battle of Russia have all given us time. However, time is still of the essence, but I think we are on our way. Rearmament is a dual operation. It is the function of the army and of the navy to say what is needed and the function of industry to produce it. To get the job done the government has had to draft some of the best managerial talent in the country. To succeed, this management must have the greatest amount of authority possible and suffer the least interference.
>
> I believe, as Bernard Baruch stated in his book, "American Industry in the War," that given sufficient unity "The mobilized industry of America is a weapon of offense or defense more potent than anything the world has even seen—more terrible than the mind of any man has ever imagined."
>
> "Old General von Hindenburg was of the same opinion, for in his memoirs he wrote of American industry: "Her brilliant, if pitiless war industry had entered the service of patriotism and had not failed it. They understood war."
>
> The American banking system is a vital part of the American production system. It is doing and will continue to do its part.

At the start of the Convention in welcoming the bankers, Mr. Houston said:

> The members of the American Bankers Association are delighted with the opportunity to meet here in Chicago this week. This will be our 67th consecutive annual convention. We have assembled together for counsel in every year of the nation's history since the Association was founded two-thirds of a century ago. Our convention this week will be one of the most important in the annals of the Association. It will be held during one of the nation's greatest crises. While we shall discuss various aspects of practical banking operation, we shall be concerned chiefly with the welfare of our country in this time of emergency. The banks have a dual role to perform. They must serve the growing needs of the government it its program of national defense, and they must continue to serve the normal needs of the public for credit and financial service. The deliberations of our convention will be devoted to both.
>
> The conversion of the nation's economy from a peace economy to a war economy involves great readjustments, many of which are now being felt. It is our hope that these

(Continued on Page 499)

A New Pure Oil Contribution to Petroleum Conservation



Section of The Pure Oil Company's Smiths Bluff Refinery, near Port Neches and Nederland, Tex.

The history of petroleum refining has been largely the story of developing new products from raw materials of little value in themselves. And in the van of the pioneers in this work have always been the refining technicians of The Pure Oil Company.

Petroleum refining took a giant stride forward recently, when Pure Oil's new thermal polymerization plant at Smiths Bluff Refinery started its initial runs.

Second largest "poly-plant" in the United States—this huge, multi-towered unit is designed to produce high octane gasoline from gases and products normally burned under stills, or largely wasted.

The petroleum industry is watching this new equipment with interest, because it makes a much-wanted product from an almost unwanted product—a major contribution to the industry's conservation effort.

For more than a quarter of a century our Company has been among the leaders in developing new production, new processes, new products. Today, producing operations in ten states and a network of five modern refineries supply more than 15,000 dealers through a well-balanced transportation system.

All the facilities of this Company are devoted to one purpose—giving the American motorist more and more reason to . . .

Be sure PURE with Pure

Savings Business a Stabilizing Factor In Bank Activity, Says R. R. Marquardt

The savings business of most country banks is a stabilizing factor in the bank's over-all activity, Roy R. Marquardt, President of the Savings Division of the American Bankers Association, stated on Sept. 29 at the Association's annual convention in Chicago. If savings deposits were removed from commercial banks a number of banks and branches would be unable to survive and would have to go out of business, said Mr. Marquardt, who is also Vice-President of the First National Bank of Chicago. Mr. Marquardt also had the following to say:

> Members of the Executive Committee and Officers of the Division have felt that some banks are ill-advised in their attitude toward the savings business. The development of social security by the Federal Government caused a widespread feeling of the uselessness of savings. The low return on invested capital has caused interest and dividends on savings deposited in banks to reach a low point without parallel in the history of the United States.
>
> In consequence of the slight profit which came to banks through saving deposits, many of them hedged the acceptance of deposits with restrictions. Many depositors in consequence came to believe that banks were not interested in their savings; that bankers almost resented receiving savings deposits. The popular reaction to this attitude of bank, or the supposed attitude of banks, has not redounded to their credit.
>
> The Savings Division of the American Bankers Association has tried to bring about a change in this attitude. It has conducted surveys showing that banks, by a policy of accepting all bona fide savings deposits, can increase community good will toward banks, make a small profit, and pay a reasonable, if low, rate to depositors. The Division has developed plan by which banks, through giving a preferential rate of interest to long-time deposits of little activity, will find it possible to transfer sizable amounts to the surplus account.
>
> As practices in shipping, in merchandising, and in manufacturing change and new credit situations appear, competition with banks develops. It grows out of opportunity created by changing practice.
>
> Whether bankers have constantly been alert to discern changing trends is beside the point. Banks will find that they should furnish a complete financial service to their customers or else another agency will do so. A bank will discover that it cannot accept only three-fourths of all bona fide savings offered it and expect no competition from agencies other than banks.
>
> It cannot neglect its potential customer. It is not possible to wrap the savings of a people in savings banks. Strictly savings banks are rarities outside of the Atlantic seaboard states. Seventy-four per cent of all banks have savings departments or accept savings. So the future of savings in banks is not limited to savings banks but rests with banks of mixed deposits.
>
> The Savings Division continues confident that the savings business of banks is the greatest business in the world, affecting as it does the lives of more people more directly than any other phase of finance; and the Division urges that bankers should be alert to community needs; that changing practices in business require similar changes in banking procedure; and that country banks should not hesitate to vary their practices from those of

Our biggest asset

WE BEGAN business back in 1847, the same year Uncle Sam began using postage stamps. At that time, there were only 29 states in the Union.

Since then, we have lived through four wars, in which the United States was involved, and through major panics and depressions. Today The Penn Mutual has more than 400,000 policyholders, whose insurance with this company amounts to $2,000,000,000—a sum about equal to the total national income of 1847.

Our biggest asset back in the early days is also our biggest asset today—the public's confidence in the sound and progressive policies which have marked the development of this 94-year-old life insurance company.

THE Penn Mutual
LIFE INSURANCE COMPANY
JOHN A. STEVENSON · President
INDEPENDENCE SQUARE · PHILADELPHIA, PA.

N. Dak. Bankers Win Agricultural Plaque

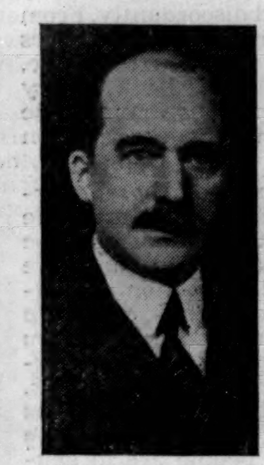
The North Dakota Bankers Association was awarded the honor plaque of the Agricultural Commission of the American Bankers Association at Chicago on Oct. 1 for its work in the field of farm improvement and agricultural finance during the past ten years. The plaque was presented on behalf of the Association by P. D. Houston, ABA President, to Fred A. Irish, Chairman of the North Dakota Bankers Association's Agricultural Committee. Mr. Irish was introduced at the first general session of the Convention on Oct. 1 by Otis A. Thompson, Chairman of the ABA's Agricultural Commission. The agricultural activities of the North Dakota Bankers Association during the past ten years have included intensive banker-farmer cooperation throughout the state. Bankers of the state have taken keen interest in crop and livestock projects.

Calif. Business Still Up

August business in California continued at record high levels according to the current "business Outlook" just released by the Wells Fargo Bank & Union Trust Co. of San Francisco. The Wells Fargo index of the State's business activity rose to 165% of the 1935-39 average last month, as against 159.9 in July and 114.6 in August, 1940. Comparing August with July, all four of the Index factors (industrial production, freight carloadings, bank debits, and department-store sales) advanced.

ABA Presents Testimonial of Honor to Brigadier General Leonard P. Ayres

A testimonial of honor was presented to Brig. Gen. Leonard P. Ayres at the first general session of the 67th annual convention of the American Bankers Association at Chicago on Oct. 1. The testimonial was presented to Gen. Ayres by P. D. Houston, A. B. A. President, on behalf of the member banks of the Association. An embossed manuscript on parchment bound in a leather folio, the testimonial reads as follows:


Col. L. P. Ayres

"Through the years members of the American Bankers Association have been enlightened by the brilliant mind of Leonard P. Ayres. His profound writing, his thought-provoking addresses before our conferences and conventions, and his lectures each year before the student body of the Graduate School of Banking have made an outstanding contribution to the science and the art of our profession.

"No sacrifice of time or energy has been too great for him when the interests of the Association were involved. Each succeeding President has called on him for counsel when critical issues arose.

"In offering his services to the country in this national emergency at great personal sacrifice, he has again demonstrated the high quality of his patriotism. His example is an inspiration to us all.

"We were delighted with the recent further recognition of his merit by the Government in making him a Brigadier-General in the Army of the United States.

"This testimonial from the membership expresses our deep gratitude to him for his work as a banker, his splendid efforts as a member of our official family, and his distinguished service as a leader. We look forward with keen anticipation to the day when he may return to the banking profession."

Col. Ayres, Vice-President-on-leave of the Cleveland Trust Co. of Cleveland, Ohio, was nominated on July 10 last by President Roosevelt for promotion to the rank of Brigadier-General, as was noted in our issue of July 19, page 333. He was recalled by the War Department last October as Chief Statistical Officer.

Senator Connally Tells ABA Convention Neutrality Act Repeal Not Un-neutral

According to Senator Tom Connally, of the U. S. Senate Committee on Foreign Relations, "the repeal of the so-called Neutrality Act would not be un-neutral." Senator Connally made this statement in addressing the annual convention of the American Bankers' Association at Chicago on Oct 2 and he added:

After its repeal, the United States would be a neutral under international law. The act prohibits the arming of our merchant ships. I favor the repeal of that provision. It is my view that merchant ships that are now being ruthlessly attacked upon the high seas, while on lawful business, ought to be allowed to arm for their necessary self-defense—for the defense of human lives upon their decks—for the defense of their property and their rights.

It is, therefore, my further view that the so-called Neutrality Act should be amended with respect to the freedom of our ships to sail wherever they are permitted to sail under international law. I favor the removal of the ban against their entering combat zones or going on lawful missions to the ports of nations at war. These are our undeniable rights under the law of nations. We have, in years that are gone, in glorious fashion, shed our blood, for their maintenance and for the protection of the rights of our citizens. Shall we surrender them? Shall we cringingly abandon them? Shall we succumb before this wild and fantastic plot of Adolf Hitler for world empire and dominion? Shall we tremble because the conqueror stretches forth his sword?

In the light of our historic and traditional maintenance of the doctrine of freedom of the seas, a doctrine that is essential to our commerce and trade with the world, and likewise essential to the safety of the ships of other neutral nations which may trade with the United States, it is my view that we should now reassert and reordain our adherence to the doctrine of freedom of the seas by modifying or amending the so-called Neutrality Act.

In his address Senator Connally also said in part:

In the fall of 1939, the Congress enacted the Arms Embargo Repeal Resolution. It removed the prohibition against the sale and shipment of arms to nations at war. However, still in the interest of peace, motivated by an extreme anxiety to preserve the peace and to protect the safety and the lives of the American people, the Act laid limitations upon the freedom of our shipping and upon the rights of our citizens. It was required that nations at war purchasing arms in the United States should acquire title to the arms and munitions secured before the same should leave our shores. American ships were denied the right to transport arms and munitions. American ships were prohibited from carrying on commerce with any nation at war. The President was authorized to establish combat zones in belligerent areas into which American ships could not sail.

These regulations were established in the hope and belief that if American ships did not sail to the ports of belligerent nations and were not permitted within combat zones, they would not be attacked or sunk upon the high seas where they had a right to sail under international law, accepted and recognized by all civilized nations. That hope and belief have proven illusory. The brutal Nazi philosophy, which on land conquered and subdued neutral and peaceful Holland, Denmark and Norway and Belgium, who had committed no wrong, unless the love of home and the desire to live in peace be wrong, with its swarming submarines and surface raiders upon the seas, sank the ships and murdered the citizens of neutral nations. The same defiant and truculent and ruthless spirit that dominated the German Government during the World War, enhanced and brutalized by the Nazi doctrines of Hitler, has recently attacked and sunk American merchant ships, and a Nazi submarine attacked a United States Naval Destroyer. These attacks were not made upon ships within combat zones. They were not made upon ships trading with or sailing to nations at war. They were made upon American ships on the roadways of the high seas, where internal law says they had a right to be and where the laws of the United States say they had a right to be.

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The Ætna Life Insurance Company
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The Automobile Insurance Company
The Standard Fire Insurance Company

* * *

These Ætna Companies write practically every form of insurance and bonding protection

Three Major Tasks Are Faced by the Nation Says Economic Policy Commission of ABA

The nation faces three major and challenging tasks—speeding up the machinery of defense, transferring industrial production activities from luxuries and comforts to weapons, and taking immediate steps to minimize inflation, according to the report of the Economic Policy Commission of the American Bankers Association presented at the annual A. B. A. Convention at Chicago on Sept. 30. The Commission is under the Chairmanship of W. Randolph Burgess, Vice-Chairman of the board of the National City Bank of New York. The report declares that the defense program as a whole has not been going ahead fast enough. It says in part.

Like all the other democracies we have begun late. Nearly two million men are under arms but their training is only well begun and their equipment is incomplete. The two-ocean navy is under construction, but will take many months to complete. The new merchant fleet is well begun but the rate of launchings is still short of the rate of sinkings. Aid to England is still mainly material bought and paid for by the English. The Treasury Daily statement shows that only about $200,000,000 of the appropriations of $7,000,000 for Lend-Lease has actually been disbursed.

The procurement program is a mixture of brilliant achievement and delay and disappointment. In certain directions our engineers and industrialists, our army and navy technicians, have designed better weapons than ever before used in combat, but there is not yet enough of almost everything. Our productive machine is the best there is and in the long run will be very effective, but the long run is still a long way off.

Our position may be illuistrated by estimates that in the fiscal year concluded on June 30 our government spent $6,000,000,000 for defense, which was about 8% of the national income. In the same year Great Britain spent the squivalent of about $13,000,000,000 for war which was perhaps half of her national income, and Germany, the equivalent of possibly $24,000,000,000 which was in the neighborhood of 60% of her national income. In terms of the buying power of the money spent this disparity is much greater. Our rate of production is mounting and we now are spending over one billion dollars a month for defense. Even so we have only just begun to prepare ourselves for the kind of emergency the Axis Powers have been presenting in turn to each of the democracies.

Our slowness reflects in part the real and substantial difficulties which are unavoidable in beginning any program of production, whether of automobiles and houses or tanks and machine guns, especially one of such stupendous size. It is necessary to have the detailed blueprints, the proper tools, the essential materials, the trained men, and a sound organization. Government organization for the task has been confused, at some points, bureaucratic and incompetent, and at others not putting first things first. Industry has in some instances turned a little slowly and reluctantly from profitable non-defense to less profitable defense production. Strikes and labor unrest have been costly. Another reason for delay is political in the broader sense; it lies in the problem of bringing together in an effective united effort the people of a huge country with diverse interests, backgrounds, and prejudices, even when they are all agreed on a major objective as they now are on the objectives of arming for defense and sending aid to Britain.

Under all these circumstances the country faces three major and challenging tasks.

The first is to speed up the machinery of defense. Its greatest present handicap is inertia. The British speeded up when the bombs began to fall on London and Coventry and Southampton. Our real test is whether we can apply ourselves to the task without being bombed into it.

Second, much of the nation's energy must be transferred from producing luxuries and comforts and even some necessities to producing weapons. Non-defense activities must at many points give way to defense. This means some shifting of workers and machines and materials: Such a readjustment is not easy. The whole mechanism is infinitely complicated. Those who determine priorities and allocations will need help, our good will and patience, and the best technical industrial advice obtainable. In the process many toes will be stepped on, some will be unemployed, some injustices will be done, and we shall all have to do without some things we want. At this point the defense program will really begin to hurt. We have, however, very large resources. If we use them intelligently we can carry forward the defense program without serious impairment of the standard of living.

Third, we must do these things in such a way as to lessen the economic disruption that customarily goes along with and follows every war-time boom with its highly inflationary tendencies. Even now prices and wages have been rising very irregularly and discordantly. From this point forward these dangers are likely to become more acute. The Secretary of the Treasury has just warned us that we are facing the threat of inflation now.

On all three of these questions; speeding up defense, the readjustment from non-defense to defense activities, and the avoidance of disruption and inflation, the real problem is more political than economic. There have been many wise discussions by government officials, by economists, by men of affairs pointing out what needs to be done. These people are in general agreement and in general they are right. But the action they recommend requires political agreement and in almost every case runs against the self-interest of large groups of people with great political power. In recent years, as government has encouraged and yielded to their demands, many of these groups have grown increasingly powerful, and they oppose effective measures to prevent inflation.

For example, it is generally agreed that government spending for non-defense purposes should now be greatly curtailed, but little has been accomplished because politicians cherish pork barrel largess, bureaucrats cling to their posts, and special privilege groups exert great pressure for continued spending.

Similarly, it is clear that stability of prices cannot be achieved without some stability of wages, but wages have been rising without effective governmental restraint, and in fact with governmental encouragement.

Again, price stability is impossible unless agricultural prices are stable, but the Congress has passed bills stimulating further agricultural price advances.

Furthermore, without some prospect of price and wage control shortages of materials are accentuated. No manufacturer can afford to accept a defense contract or, in fact, any order, until he has made sure of the materials needed to produce the goods. Every producer is forced to stock up with materials as long as he feels that price and cost controls will be tardy and inadequate.

The bankers of the United States have a large responsibility in the situation. In every community bankers are influential and respected citizens. By nature of their vocation they are informed both as to the principles which govern a situation of this sort and as to the activities of business and the citizens of their own communities. Few other groups of men have a greater power and responsibility for influencing the general will of the people to subordinate selfish and political interests to the national good. This is a time for bankers to know, and discuss these problems with their Senators and Representatives, both national and state.

There are, moreover, certain specific activities directly within the function of the banker. He can greatly encourage the sale of defense bonds in his

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is engaged primarily in facilitating wholesale distribution and retail sales of the following products of GENERAL MOTORS CORPORATION and its world-wide affiliates: CADILLAC, BUICK, OLDSMOBILE, PONTIAC, CHEVROLET automobiles; FRIGIDAIRE appliances for refrigeration and air conditioning; DELCO lighting, power and heating equipment; GMC trucks; BEDFORD, VAUXHALL and other foreign made automotive vehicles.

The business consists of investments in self-liquidating credits, widely diversified as to region and enterprise, capital employed being in excess of $80,000,000.

In obtaining short term accommodation, GMAC issues one standard form of note. This obligation it offers to banks and institutions, in convenient maturities and denominations at current discount rates.

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EXECUTIVE OFFICE
NEW YORK

BRANCHES
IN PRINCIPAL CITIES

community, and the fine record of their sale already reflects the way the bankers of this country have been behind the campaign.

The banker can in many cases give direct aid to defense industries, either in assisting smaller firms to obtain sub-contracts, or aiding firms with contracts to get their requests into bankable form so that banks can do the defense financing.

Also by putting his own house in the best of order the banker will exercise needed restraint. This is a time when, in their own interest and the interest of the community, people generally should pay debts and not acquire them. This is a time to be careful in making loans for non-defense purposes. It is a time to get old loans and investments cleaned up. This is a time to do those things which we wish we had done in 1919, 1929, or 1937. If each of us will put his own house in order, it will be good for the banks and good for their customers, and wholesome for the country.

A good deal is being said these days about the inevitability of a severe depression after the conclusion of the war, and in that connection plans are proposed for huge government spending programs as the proper cure. While all recognize the economic shock of shifting from war to peace, a severe depression should not be fatalistically accepted as inevitable, and in any case the proposed cure is a poor one. The best way to avoid a post-war depression is to restrain consumer and non-defense spending now, and so save up buying power for the post-war period. The purchase of defense bonds does exactly this. Other saving has the same effect. The curtailment of non-defense spending, while it hurts now, builds a backlog of demand as a post-war cushion.

ABA Warns Against Destroying Incentive

(Concluded from Page 492)

themselves must demonstrate their willingness to sacrifice non-essential activities for the Defense Program.

These times call for the old-fashioned virtues of working and saving. The bankers here assembled pledge themselves, each in his own community, to work toward these ends.

We are everlastingly grateful for the privilege of living in a democracy which holds fast to the principles of liberty and justice for all. We have unbounded faith in the resources and capacity of this country for meeting to the fullest its obligations in this trying hour. We have enduring confidence in the ability of the American people to preserve at any cost the rights and privileges which they enjoy in this free Republic.

We pledge our full support to effective policies and programs of our government to defend and preserve democracy and democratic institutions.

Commends Response Of Bankers to Needs

(Concluded from Page 495)

adjustments can be accomplished with the least harm to the people.

The government's financial requirements must be met. At the same time, inflation must be avoided and the American business structure must be kept intact.

U. S. Free Enterprise Must Be Safeguarded

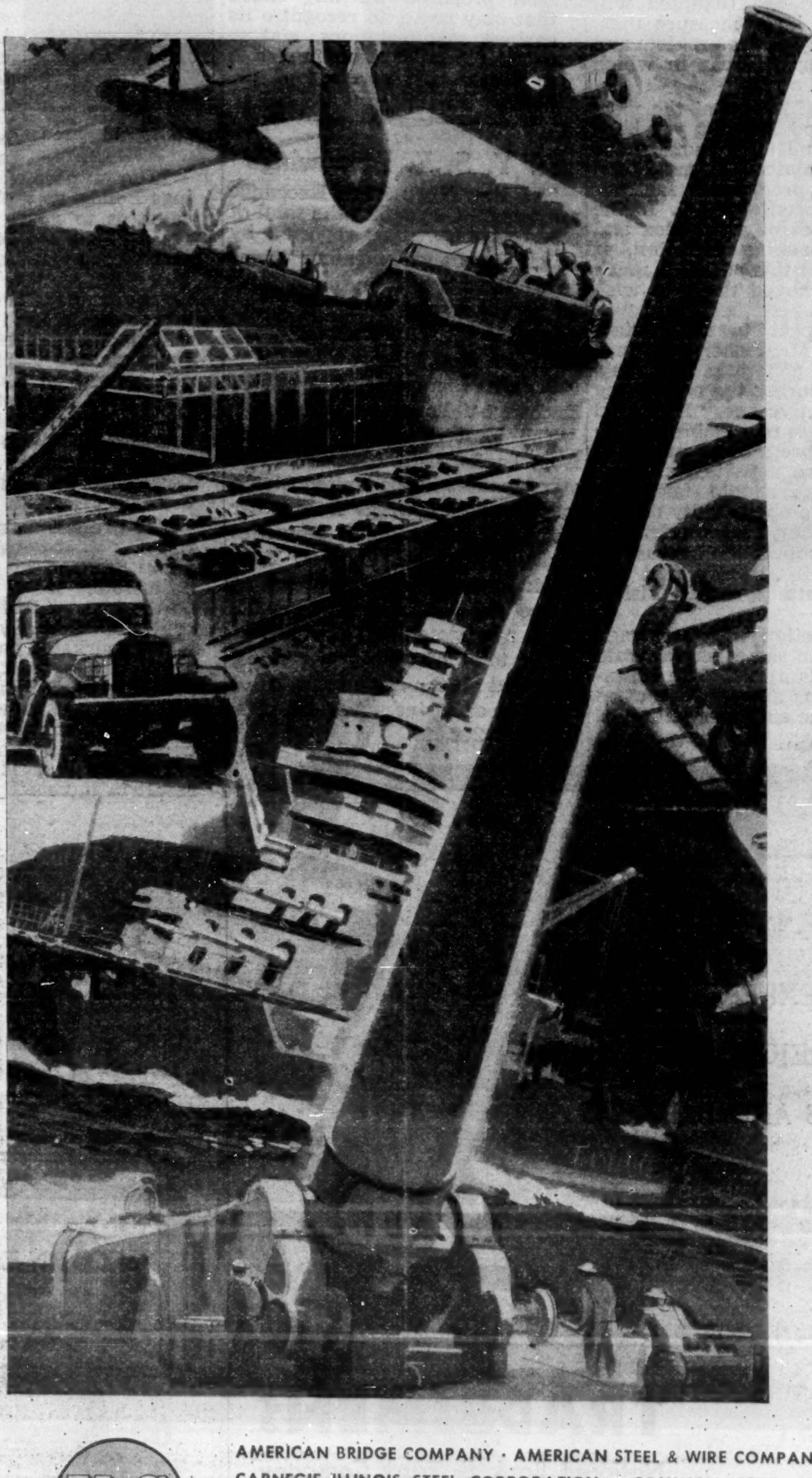
(Concluded from Page 493)

of boys. The firecrackers could lie harmlessly for years—it is only when some boy gets the urge to light one that the fireworks start. That has been our situation. Firecrackers have been strewn all over the place but everybody has been afraid to light a match. The increase in money supply and in gold reserves has been accompanied by certain social legislation which has retarded the desire of many people to borrow money and to enter into new and expand old ventures. We might have gone on with a considerable degree of temporary safety—but Mr. Hitler marched into Poland. That was the missing match and it appeared in our midst in two guises — Defense Program and Aid to the Democracies. So, the defense program became, not the cause of our immediate inflation worries, but the match which lighted the fire.

So now our normal economic controls—our system of checks and balances—have become unbalanced and we are coming under a system of direct governmental controls. Our monetary system, therefore, is now in the field of politics and it is in that field that future movements must take place.

Our second serious handicap is the result of an upset social order. Certainly, our minds have turned in a curious direction. We have permitted ourselves to become divided into groups, each trying to gain some advantage over the other. We spend much time arguing over the division of profits — we spend little time pursuing the old American habit of creating greater profits so there will be more to divide. We have become enamored of the idea of social security — in a world where there is no security except as a strong unified people imposes its will to live in peace with equal opportunity for all its members.

The nation's defense has a backbone of steel



EVERY user of steel is acutely aware of the effect of the defense program on steel production. Truly, the nation's defense has a backbone of steel. Facilities which only a year or two ago provided capacity far beyond then-needed requirements, are today being utilized.

During recent years, a period when production was at its lowest ebb, we invested hundreds of millions in an expansion and modernization of facilities. For this we claim no extraordinary foresight. By virtue of the time it takes to prepare, steel-making capacity must, in ordinary times, build a reserve and prepare for the future. This we did, not knowing when the call would come but knowing we must be ready when it came.

In the midst of this present trial, when steel is so much in demand, we are looking to the future and the part U·S·S Steels shall have in it. Our research and engineering staffs, spurred by the current necessity, are becoming ever more resourceful. Much will be accomplished in the development of defense materials which will contribute invaluably to peacetime production. Already we are finding better and wider use for steel, new means and methods, born of necessity, that will serve better than the old.

Defense comes first with all of us. We start on that common basis. And where difficulties may arise and dislocations in deliveries of steel for purely domestic purposes may occur, we are confident that we may rely upon the understanding cooperation of our customers, who constitute the life line of our business. For ourselves, we have no doubt of the outcome. We shall win the race against time and national need and we shall become increasingly able to serve our customers better than ever before.

USS

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STEEL PRODUCTS COMPANY · TENNESSEE COAL, IRON & RAILROAD COMPANY · UNIVERSAL ATLAS
CEMENT COMPANY · UNITED STATES STEEL EXPORT COMPANY · VIRGINIA BRIDGE COMPANY

UNITED STATES STEEL

War Emergency Radically Is Affecting Real Estate Says E. M. Fisher at ABA Convention

Viewing the present national emergency as radically affecting the real estate and mortgage situation in this country, Ernest M. Fisher, Director of Research in Mortgage and Real Estate Finance of the American Bankers Association, stated on Sept. 30 at a round table conference on bank management at the Association's annual convention at Chicago that it is probable that before the defense program is ended greater and more profound changes will result. Introduction of the defense program, Mr. Fisher declared, has led to large population shifts throughout the country. Part of the migration has been toward industrial centers where workers have gone to seek employment in defense industries and part has been toward military centers as a result of expansion of the nation's armed forces. "It is probable," said Mr. Fisher, "that this migration of population will prove to be one of the largest internal migrations that the country has ever seen. It will probably be equal to, if not exceed in magnitude, the internal migrations set in motion by the first World War and by the discharge of members of the armed forces upon its termination." Mr. Fisher went on to say:

Ernest M. Fisher

> The ultimate effect of these migrations cannot yet be foreseen. Already they have caused a rapid decline in vacancies in many urban areas, they have accelerated the tendency toward rising rents, and in some cases they have brought about a situation in which it is a major problem to find shelter for those who are engaged in the construction of defense plants, in the manufacture of defense materials, in rendering necessary services to members of the armed forces, or to those actually engaged in strictly defense activities.
>
> The concern which is so frequently expressed over tendencies toward inflation, the congestion which has occurred in many critical areas, and the consequent increase which has come in rentals in these areas have brought about wide discussion and the introduction of national legislation designed to grant authority to control rents. The extent to which such controls would be attempted will depend in large measure upon the intensity of the problem and the number of areas in which it becomes acute.
>
> It seems likely that the most acute period has not yet been reached and will not arrive until the plateau of maximum industrial production for defense has been attained. In the uncertainties of a complex and swiftly changing situation, it may be that this period is much further removed than we wish to believe.

"With respect to real estate policy," said Mr. Fisher, "it seems likely that, generally speaking, the market during the emergency will be an active one." He added that "it appears reasonable to suppose, therefore, that in areas where defense activities are important banks should take advantage of the opportunity of disposing of other real estate. In areas losing population because of defense activities, there will not be this opportunity." Mr. Fisher further said:

> In connection with mortgage holdings the same general rule recommends itself. The situation suggests amortization at as rapid a pace as the condition of the borrower will permit. In many cases, with increases in family income, accelerated amortization will be found possible.
>
> Finally, the situation emphasizes the prime importance of continuous and close scrutiny of the quality of the loans in the mortgage portfolio and of the real estate holdings. It has been in too many cases in the past a common practice to assume that, so long as payments are met in accordance with requirements, there is no reason to be concerned about the mortgage portfolio. The weak spots and strains in the portfolio, therefore, are not detected until collapse was imminent.
>
> The methods for maintaining this close scrutiny and analysis of the portfolio are available and are being utilized by some of the most farsighted institutions. They well repay their costs to all institutions whose mortgage portfolio represents a sizable block of assets. To be well prepared for any shock that may come, to recognize its earliest manifestations, and to anticipate its severest impact is to reduce the severity of the blow.

N. Y. S. E. Borrowings

The New York Stock Exchange announced Oct. 2 that the total of money borrowed as reported by Stock Exchange member firms as of the close of business Sept. 30 aggregated $417,132,303 a decrease of $96,109,765 as compared with the Aug. total of $513,242,068. The announcement of the Exchange follows:

> The total of money borrowed from banks, trust companies and other lenders in the United States, excluding borrowings from other members of national securities exchanges reported by New York Stock Exchange member firms as of the close of business Sept. 30, 1941, aggregated $417,132,303.
>
> The total of money borrowed, compiled on the same basis, as of the close of business Aug. 30, 1941, was $513,242,068.

Citizen Support of Defense Bond Sale Necessary to Build for National Defense

With the shadows of war darkening many lands, it is the duty of every United States citizen to support his government in its task of building for national defense, Philip A. Benson, President of the Dime Savings Bank of Brooklyn, N. Y., declared at Chicago on Oct. 1 at a round table conference on defense financing held at the annual convention of the American Bankers Association. Mr. Benson observed that this country is building up its defenses against the possibility of having to defend itself with men and machines at work as never before, and he added that bankers of the nation may contribute their strength and ability in aiding the great work being done by encouraging the sale of Defense Savings Bonds. In part Mr. Benson also said:

Philip A. Benson

"The purpose of Defense Savings Bonds, as their name indicates, is to make some of our national curent savings available to the Government for the financing of the national defense program. There are, as we all know, only two ways by which a democracy can raise funds to meet its obligations; one is taxation and the other is borrowing. The stated plan of the Government is for about two-thirds of the cost of national defense to be paid by taxation, the balance through the sale of bonds.

The present defense program, running as it does into a great many billions of dollars, will necessitate large government borrowings. All this borrowing could undoubtedly be through bonds marketed in a wholesale manner, the banks taking the greater part of them. The effect of this would, however, be inflationary for it would tremendously expand bank deposits.

Furthermore, it would not result in increasing the amount of savings and enlisting them in the defense program. The expenditures of vast sums for defense produces a greatly increased amount of wages and an increased number of wage earners. This means increased buying power which naturally leads to higher prices of goods and commodities, and helps to bring about the inflation that is feared.

* * *

We have never developed thrift and savings to their full possibilities in this country. Now we see increased earnings for many workers and many new wage earners. It can be expected that these wage earners and their families will spend much of the increase. However, a portion of it should be saved and no better medium of savings can be suggested than Defense Savings Bonds and Stamps.

In urging the sale of Defense Savings Bonds we need not fear the loss of deposits. It is true that there may be some money withdrawn to buy bonds. Savings banks have noticed such withdrawals from their depositors' accounts. But, they feel that a depositor who makes a withdrawal from his savings account for the purpose of buying a bond will build up his account again. However, as far as possible, the public should be asked to save and buy bonds rather than to draw on an accumulated fund of savings for the purpose.

The idea of systematic savings should be constantly emphasized. If citizens have an obligation to support their Government at this time, and I am sure they have, that obligation is not discharged merely by buying a bond. Each one should plan to put part of his monthly or weekly income into Defense Savings Bonds or Stamps."

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DOMESTIC AND FOREIGN BUSINESS
AVAILABLE TO BANKS AND BANKERS

HOWARD A. LOEB, *Chairman*
HERBERT W. GOODALL, *President*

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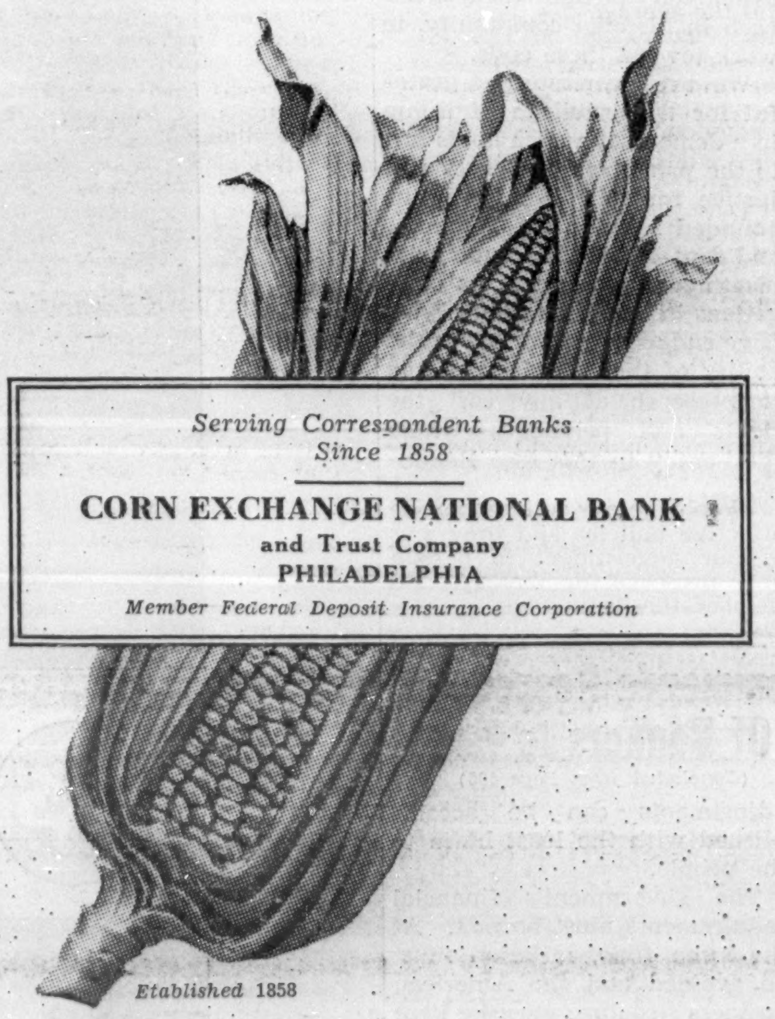

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Inflation Problems Met by Diversification

While stating that "I do not believe that we can judge the future sufficiently well to lay plans of a definite character," Carl W. Fenninger, in his address at Chicago on Sept. 29 as President of the Trust Division of the ABA observed that "if, however, we know the important problems which seem to face the trust business today, make plans to cure them and in making such plans provide all the flexibility that is practical, we should certainly be in better position for the future, regardless of what may happen." Mr. Fenninger, who is Vice-President of the Provident Trust Co. of Philadelphia, spoke as head of the Division at its annual meeting. Continuing, he said:

It would seem as though our principal difficulties at the moment and those which are immediately ahead of us have to do largely with two things:

One, the difficulty of obtaining satisfactory investments for our accounts at prices which will yield a reasonable rate of return for beneficiaries, and second, the effect of the war abroad and our own defense program upon the operation of our organizations under wartime conditions already evident in our tax legislation and administrative regulations.

I should like to make some observations upon these two questions. In discussing the first question I want also to speak about inflation, which in the minds of many men presents perhaps the most difficult problem in the investment side of our business.

Our Committee on Trust Policies received many answers to an investment questionnaire recently sent out and there were more suggestions that low interest rates and inflation were the primary difficulties in making trust investments today than any other features. Of course, we all know that the low interest rates that have prevailed for a number of years have resulted in the elimination of many of the higher rate bonds upon which we used to rely for the bulk of our investing, or that those not falling in the callable class have risen to prices which make the yields as low or lower than rates prevailing for the average corporate security. There is no immediate answer to the question of how to meet this situation within the bond field itself if we are to hedge, so to speak, against the depreciation which will almost certainly occur in prices of long term low coupon bonds. It would seem as though the best remedy was not to lower the character of our investment lists unduly, but to devise means for obtaining diversification broad enough in character to divide the risk of depreciation into as many parts as possible. It would appear that the same principle might hold true in so far as inflation is concerned.

I do not believe any trust man has the temerity to say that any given thing presents a real hedge against inflation. Indeed, it is probable that there is no single thing that will protect us against inflation. To meet both the interest problem and inflation, broad diversification of investments seem to be the most satisfactory method.

There are some difficulties which we of course have to meet in attempting broad diversification which have been of comparatively recent origin. One of these is the private placement of many of our important bond issues. Another is the entire elimination of bonded debt from the capitalization of many of our very important industrial organizations. Another is the development of so-called growth industries in which capitalization may include certain types of bonds but which in the opinion of conservative investors have not been seasoned sufficiently to justify them as trust investments. Having in mind all of the factors mentioned and several others which you may perhaps think of, I venture to suggest that we devote ourselves wherever possible to a program which make practicable the broadest diversification in the investment of trust funds.

I am glad to say there appears to be a growing interest in this subject and that the "prudent man theory" of investment which prevails in a few of our states, notably Massachusetts, is beginning to impress itself on the minds of both trust men and legislators who realize the difficulties of the present time and those which are likely to prevail for some years to come. It seems to me we should be brave enough to face the fact that restrictive investment rules do not necessarily provide conservatism in the investment of trust funds, but that they sometimes very definitely hamper the management of trusts. Too often our investment laws are rigid and remain so until circumstances force changes too late to benefit the great mass of beneficiaries who must look for their support and maintenance to trust funds.

It is probable that even now we are somewhat late in advocating the broadening of investment powers, but it is certainly true that if these broadening efforts result successfully in the near future much good will come of it.

It is of course a trite saying that some common stocks are better than some bonds—we all know that. What we do not realize, however is that in a well balanced portfolio of investments all classes of securities have some place if we are to obtain the fullest diversification desirable. I think we have long ago passed the idea of "putting all our eggs in one basket" and watching the basket. If diversification, intended to minimize risks, stabilize income and capital values can be accomplished, it is probable that we will also have gone a long step toward protecting ourselves to a great extent against inflation.

To sum up this part of the statement we may say that in those jurisdictions where trust investment laws are narrow and where there are restrictions that prevent the use of certain types of securities, strong efforts should be made to provide for the adoption of the "prudent man theory" of trust investment.

In connection with investment matters we should also give very definite consideration to the use of the Common Trust Fund because it appears to make possible, if coupled with broad investment powers, the most practical and inexpensive way of giving broad diversification to small accounts.

* * *

I want to draw your attention for just a few minutes to the probable effect of our increasing burden of both income and estate taxes. It seems so certain that increased income taxes will greatly retard the accumulation of estates and that estate taxes will break up present estates into much smaller units that there is no need for argument to prove the premise. From the standpoint of those administering trusts as a business, this means almost certainly a lower total volume of trust funds coming into the care of institutions and smaller individual units of trust business. The significance of this is perhaps most apparent when we consider the cost of administering smaller accounts unless ways and means can be devised for reducing those costs in proportion to the profit to be derived from the accounts. Of course compensation can be increased somewhat but I think there is a real question as to whether or not the charges to be made for the administration of accounts in the future can be large enough to assure business coming to us rather than

(*Continued on Page 504*)

Announcing the Opening
October 6, 1941
of the
New Main Office
of The
Public National Bank
and Trust Company
of New York
in its recently acquired
Public National Bank Building
at
37 Broad Street, New York
30 Offices Throughout Greater New York

Markets for Dealers & Institutional Investors
PUBLIC NATIONAL BANK & TRUST CO.
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Items About Banks, Trust Companies

The Manufacturers Trust Co., New York City, announced this week that in accordance with the agreement made last July with Superintendent of Insurance Louis H. Pink, and approved by Justice George E. Brower of the Supreme Court of New York, it took over on Oct. 1, by merger, the mortgage servicing business of The Mortgage Corp. of New York. The merger was approved at a special meeting of the stockholders of Manufacturers Trust Co. that was held on Sept. 3; referred to in our issue of Sept. 18, page 221.

Peter E. Bennett, formerly President of The Mortgage Corp. of New York, has been elected a Vice-President of Manufacturers Trust Co. For the time being, the quarters at 42 Broadway, New York, formerly the head office of The Mortgage Corp., will be maintained as an office of the mortgage management division of Manufacturers Trust Co. This office will function with substantially the same staff that was employed by The Mortgage Corp. It is stated that the Manufacturers Trust Company is the ninth largest bank in the United States, with resources in excess of $1,000,000,000. As a result of this merger, the bank's announcement adds, it is now also in the very front rank of institutions throughout the country extending mortgage management facilities, serving thousands of individual and institutional mortgage investors with contracts running into hundreds of millions of dollars.

The new Rockefeller Center Office of the Colonial Trust Company of New York was officially opened on Sept. 30 with a ceremony at which Arthur S. Kleeman, President, received the flags of the 21 American republics from Dr. L. S. Rowe, Director General of the Pan American Union. In accepting the flags, Mr. Kleeman said that in his opinion there is nothing more important to national defense today than strengthening unity and solidarity with all our Latin-American neighbors, and that the surest way to do this is to develop two-way trade, which will make the United States the best customer of Latin-America, as well as its largest supplier. He said that it was in this spirit of mutual helpfulness that he was dedicating the bank's Rockefeller Center Office to Pan American unity. The new office is located in the United States Rubber Co. Building at Sixth Avenue and 48th Street, and is the first commercial bank in Rockefeller Center to be located on Sixth Avenue. It has Colonial decorations throughout and will offer complete commercial and personal banking, trust and safe deposit facilities. It will also serve as headquarters for the bank's Latin-American business, and for the handling of loans incident to the national defense program. Colonel V. Clement Jenkins, President of the Sixth Avenue Association, Inc., who originated the idea of the "Avenue of the Americas," Eugene F. Kinkead, Chairman of the bank's Executive Committee and S. Sargeant Voeck, Executive Vice-President, also were present.

Garret A. Hobart, son of Garret A. Hobart, Vice-President of the United States under President McKinley, died of heart disease on Sept. 29 at his home in Haledon, N. J. A native of Paterson, N. J., Mr. Hobart was a retired stockbroker and was a Vice-President of the Paterson Savings Institution. He was also a Director of the Public Service Corporation of New Jersey.

Clarence H. Batten, retired Manager of the Philadelphia Clearing House, died on Sept. 29 at his home in Woodbury, N. J., after an illness of two years. Mr. Batten, who was 75, retired two years ago after a career of 57 years in the banking business. Following an association of 19 years with the First National Bank in Philadelphia, Mr. Batten became Assistant Manager of the Philadelphia Clearing House in 1901 and later was made Manager.

Hallie M. Kerr, who for more than 30 years has been in charge of the Safe Deposit Department at the Head Office of the Citizens National Trust & Savings Bank of Los Angeles, has retired from the bank. Miss Kerr joined the staff of the old American National Bank on Oct. 21, 1907, and a few months later was placed in charge of that bank's safe deposit vault. When the institution was merged in 1909 with the Citizens National Bank she went to its new location, then at Third and Main streets, where for many years she was in sole charge of the entire work of the safe deposit department. Mrs. Ida M. Rieger, safe deposit supervisor and former assistant personnel manager of the bank, will succeed Miss Kerr.

The New York Trust Co., New York City, made announcement on Sept. 23 of the election of Willis McDonald 3d, Assistant Treasurer, as Vice-President. The institution also announced that Charles J. Morrison and William F. Sanford have been appointed Assistant Treasurers.

At the regular meeting of the Board of Directors of The National City Bank of New York held Sept. 9, W. Josiah L. Patton was appointed an Assistant Comptroller, and Frank R. Rappel was appointed an Assistant Cashier. Mr. Patton was formerly an assistant cashier in the Comptrollers Department.

August Zinsser, trustee and Vice-Chairman of the Executive Committee of Central Savings Bank in the City of New York, and President of the institution from 1926 to 1936, retired on Sept. 27 on his 70th birthday. Mr. Zinsser's trusteeship began in 1915, and when he became President of the bank in 1926 its total resources were $162,000,000. He has the satisfaction of having seen the resources grow to the present total of more than $220,000,000, making Central the country's eighth largest mutual savings bank. The number of depositors also increased during that period from less than 130,000 to over 202,000.

E. Chester Gersten, President of The Public National Bank and Trust Co. of New York, announced that at a meeting of the Board of Directors held Sept. 25, George R. Howatt of the Bond Investment Division was appointed an Assistant Cashier; and that Lewis H. Semel and Joseph O. Zurhellen, both of the Credit Department, were appointed Assistant Cashiers.

Arthur S. Kleeman, President of the Colonial Trust Co. of New York, announces that Walter E. Kolb, Vice-President, will be in charge of the bank's new Rockefeller Center office. Mr. Kolb has been associated with the bank for the past eleven years.

Harold H. Helm, Vice-President of the Chemical Bank & Trust Co. of New York, was elected a director of the bank at a meeting of the Board of Directors held Sept. 18. He is a member of the Board of Directors of the Corn Products Refining Co. and of the Association of Reserve City Bankers. He is also a member of the Ecoonmic Policy Commission of the American Bankers Association. Mr. Helm was graduated in 1920 from Princeton University and immediately entered the Credit Department of the

MANUFACTURERS
TRUST COMPANY

Condensed Statement of Condition as at close of business
September 30, 1941

RESOURCES

Cash and Due from Banks	$ 354,140,771.46
U. S. Government Securities	340,293,965.63
State and Municipal Bonds	33,476,339.07
Stock of Federal Reserve Bank	2,237,750.00
Other Securities	39,179,113.68
Loans, Bills Purchased and Bankers' Acceptances	270,305,220.42
Mortgages	18,042,939.99
Banking Houses	11,728,000.00
Other Real Estate Equities	2,937,274.07
Customers' Liability for Acceptances	6,877,077.95
Accrued Interest and Other Resources	3,244,358.78
	$1,082,462,811.05

LIABILITIES

Preferred Stock	$ 8,892,780.00	
Common Stock	32,998,440.00	
Surplus and Undivided Profits	40,986,644.69	82,877,864.69
Reserves		4,912,519.15
Common Stock Dividend (Payable October 1, 1941)		824,959.50
Preferred Stock Dividend (Payable October 15, 1941)		222,319.50
Outstanding Acceptances		7,640,002.93
Liability as Endorser on Acceptances and Foreign Bills		319,355.63
Deposits		985,665,789.65
		$1,082,462,811.05

DIRECTORS

EDWIN M. ALLEN *President, Mathieson Alkali Works, Inc.*
EDWIN J. BEINECKE *Chairman, Sperry & Hutchinson Co.*
EDGAR S. BLOOM *President, Atlantic, Gulf and West Indies Steamship Lines*
LOU R. CRANDALL *President, George A. Fuller Company*
CHARLES A. DANA *President, Spicer Manufacturing Corp.*
ELLIS P. EARLE *President, Nipissing Mines Co.*
HORACE C. FLANIGAN *Vice-President*
JOHN M. FRANKLIN *President, United States Lines Company*
CHARLES FROEB *Chairman, Lincoln Savings Bank*
PAOLINO GERLI *President, E. Gerli & Co., Inc.*
HARVEY D. GIBSON *President*
JOHN L. JOHNSTON *President, Lambert Company*
OSWALD L. JOHNSTON *Simpson Thacher & Bartlett*
CHARLES L. JONES *President, The Jones-Atkinson Corporation*
SAMUEL McROBERTS *New York City*
JOHN P. MAGUIRE *President, John P. Maguire & Co., Inc.*
C. R. PALMER *President, Cluett, Peabody & Co., Inc.*
GEORGE J. PATTERSON *President, Scranton & Lehigh Coal Co.*
HAROLD C. RICHARD *Chairman, General Bronze Corporation*
HAROLD V. SMITH *President, Home Insurance Co.*
ERNEST STAUFFEN *Chairman, Trust Committee*
GUY W. VAUGHAN *President, Curtiss-Wright Corporation*
HENRY C. VON ELM *Vice-Chairman of the Board*
ALBERT N. WILLIAMS *President, Western Union Telegraph Company*

Principal Office: 55 Broad Street, New York City
67 BANKING OFFICES IN GREATER NEW YORK
European Representative Office: 1, Cornhill, London, E. C. 3
Member Federal Reserve System
Member New York Clearing House Association
Member Federal Deposit Insurance Corporation

Both Common and Preferred shares have a par value of $20 each. The Preferred is convertible into and has a preference over the Common to the extent of $50 per share and accrued dividends.

3 MINUTES FROM CORTLANDT ST.

BANKING In New Jersey

For over 40 years, this large, modern New Jersey bank has served important corporations, unincorporated companies and individuals to effect certain economies.

Full information on request.

COMMERCIAL
TRUST COMPANY
of NEW JERSEY

Capital $3,400,000
Surplus $3,225,000

15 Exchange Pl., Jersey City, N. J.
Three minutes from Cortlandt Street
Member Federal Reserve System and Federal Deposit Insurance Corp.

Chemical National Bank. He was appointed a junior officer in 1926 and in 1929 a Vice-President of the Chemical Bank & Trust Co. He is a trustee of the Kimberley School and a member of The Princeton University Fund. Recently he was elected Vice-Chairman of the Graduate Council of Princeton University and Vice-President of the Princeton National Alumni Association.

Herbert E. Smith, Vice-President of the United States Rubber Co., was elected a Trustee of the Brooklyn Trust Co. at a meeting of the Board of Trustees on Sept. 18, filling a vacancy. Mr. Smith, who was born in San Jose, Calif., in 1889, has spent his entire career in the rubber business. In 1926 he was elected Vice-President of the United States Rubber Co., and is now a director and member of the executive committee of that company and a director of several of its subsidiaries. He is also a director of the Rubber Manufacturers Association.

Joseph Upton, President of the Queens County Savings Bank of Flushing, L. I., N. Y., was elected Chairman of Group V of the Savings Banks Association of the State of New York, at the annual meeting held Sept. 24. The group comprises 64 savings bank offices lcated in Brooklyn, Queens, Long Island and Staten Island, with more than 1,900,000 depositors and aggregate deposits of $1,546,727,829. Mr. Upton succeeds Robert S. Darbee, President of the Bay Ridge Savings Bank.

Other officers and members of the executive committee named for the coming year include Adam Schneider, Jr., President of the Roosevelt Savings Bank, as Chairman of the Executive Committee; John J. Hickey, Vice-President of the Greater New York Savings Bank, as Secretary and Treasurer; Jacob C. Klinck, President of the Kings County Savings Bank; and Robert E. Moffett, President of the Hamburg Savings Bank.

The group unanimously pledged full and continued support of their savings banks in the sale of United States defense savings bonds and defense stamps.

Milton Altmark, Samuel Rinzler and Louis Frisch were elected Directors of the Montrose Industrial Bank, Brooklyn, on Sept. 10. Mr. Altmark is with Milton Altmark, Inc., and Mr. Rinzler and Mr. Frisch are President and Secretary-Treasurer, respectively, of the Randforce Amusement Corporation.

Announcement was made on Sept. 24 by the Standard National Bank of Woodside, L. I., N. Y., of the appointment of Edward J. Dugan as an Assistant Cashier. Mr. Dugan has previously been associated with the Equitable Trust Co., the Chase National Bank and the Trust Co. of North America, all of New York City.

Edward Mcunt Fielder, President of the Northern Westchester Bank, Katonah, N. Y., died on Sept. 12 at his home in Katonah. He was 59 years old. Mr. Fielder had been President of the bank since 1933 having hepled to organize it in 1919. A native of Asbury Park, N. J., he began his banking career there as a young man. Later Mr. Fielder organized a bank at Sparkhill, N. Y., before going to Katonah.

F. Leo Nolan, Assistant Cashier of the Glens Falls National Bank and Trust Co., Glens Falls, N. Y., died on Sept. 11 in that city at the age of 51. Mr. Nolan had been in the employ of Glens Falls banks since 1906, having first worked for the Merchants National Bank, which later was absorbed by the Brownstone Bank.

Harrison G. Taylor, Treasurer of the Worcester Five Cents Savings Bank, Worcester, Mass., was elected President of the Savings Banks Association of Massachusetts on Sept. 13 at the closing session of the organization's 24th annual convention at Swampscott. Other officers elected were: First Vice-President, Charles J. Bateman, Jr., President of the Somerville Savings Bank; Second Vice-President, C. Rodgers Burgin, Executive Vice-President of the Quincy Savings Banks; Treasurer, Robert F. Nutting, President of the Cambridgeport Savings Bank; and Secretary, Sterling R. Whitbeck, Treasurer of the Nonotuck Savings Bank, Northampton.

John M. Wadhams, banker of Torrington, Conn., who had been active for many years in Connecticut Republican affairs, died on Sept. 17 at his home in Goshen, Conn., at the age of 71. Mr. Wadnams was President of the Torrington Savings Bank and was also an official of the Brooks Bank & Trust Co., both of Torrington. He was also a former President of the National Association of Mutual Savings Banks and had served for two years as President of the Connecticut Association of Savings Banks.

Mr. Wadhams had served as Chairman of the State (Connecticut) Board of Finance from 1915, when it was created, until 1928. He also served a term in the General Assembly in 1911 and was elected State Senator in 1913, 1915 and 1933. In 1918 he was a candidate for Lieutenant Governor of Connecticut and sought the Republican nomination for Governor unsuccessfully in 1924 and 1926.

William G. Redfield, former President and Chairman of the Board of the New Haven Bank, N. B. A., New Haven, Conn., died at his home in that city on Sept. 17 following a short illness. Although retiring in 1937 as Chairman, Mr. Redfield continued as a member of the Board of Directors.

Mr. Redfield began his banking career with the New Haven County National Bank which was merged in 1915 with the New Haven Bank, N. B. A. He rose to Cashier of the combined institution and in 1923 was elected President. He later resigned that post to become Chairman of the Board of Directors.

Clement Scott, a Vice-President in charge of the trust department of the Hartford-Connecticut Trust Co., of Hartford, Conn., died on Sept. 16. He was 60 years old. A native of New York City, Mr. Scott practiced law before entering the banking field in 1914. The following account of his activities was contained in the Hartford "Courant" of Sept. 17:

> Mr. Scott then entered the law firm of Curtis, Mallet, Provost & Colt in New York, remaining there until 1910 when he came to Hartford to practice law with the firm of Perkins, Wells & Scott. In 1914 he joined the Connecticut Trust and Safe Deposit Co. as a trust officer, and when that bank incorporated with the Hartford Trust Co. on July 19, 1919, he became associated trust officer of the new Hartford-Connecticut Trust Co. Later, Mr. Scott became trust officer, then a Vice-President on Jan. 22, 1925 and a trustee of the bank on Jan. 19, 1928.

George W. Ronald, former business manager of the Minneapolis "Star Journal" and at one time associated with the First and American National Bank in Duluth, has been appointed Vice-President of the Fidelity and Columbia Trust Co., Louisville, Ky. Mr. Ronald assumed his new duties Sept. 15.

(Continued on Page 506)

ABA Administrative Committee

Personnel of the Administrative Committee of the American Bankers Association was announced at Chicago on Oct. 2 at the close of the annual convention of the American Bankers Association by Henry W. Koeneke, President of the Association. Mr. Koeneke is President of the Security Bank of Ponca City, Ponca City, Okla. The Administrative committee consists of the officers of the Association and the heads of its five Divisions, the three immediate past Presidents, the President of the American Institute of Banking, and four members appointed by the President.

The four appointed by the President were Harry A. Bryant, President of the Parsons Commercial bank, Parsons, Kansas; William S. Gray, Jr., President of the Central Hanover Bank & Trust Co., of New York City; B. Murray Peyton, President of the Minnesota National Bank, Duluth, Minn., and Charles E. Spencer, Jr., President of the First National Bank, Boston. The full committee consists of the following:

H. W. Koeneke, President, The Security Bank of Ponca City, Ponca City, Okla., Chairman;
W. F. Augustine, Vice-President, National Shawmut Bank, Boston, Mass., Treasurer of the Association;
Philip A. Benson, President, The Dime Savings Bank of Brooklyn, Brooklyn, N. Y.;
W. C. Bowman, President, First National Bank, Montgomery, Ala., and President of the ABA National Bank Division;
Harry A. Bryant, President, Parsons Commercial Bank, Parsons Kans.;
William Duncan, Jr., Secretary, Minnesota Bankers Association, Minneapolis, Minn., President of the ABA State Secretaries Section;
Stuart C. Frazier, Vice-President, Washington Mutual Savings Bank, Seattle, Wash., President of the Savings Division, ABA;
William S. Gray, Jr., President, Central Hanover Bank and Trust Company of New York;
Robert M. Hanes, President, Wachovia Bank and Trust Co., Winston-Salem, N. C.;
W. L. Hemingway, President, Mercantile-Commerce Bank and Trust Co., St. Louis, Mo., ABA First Vice-President;
P. D. Houston, Chairman of Board, American National Bank, Nashville, Tenn.;
George T. Newell, Vice-president, Manufacturers Trust Co., New York, N. Y., President of the American Institute of Banking ABA;
James H. Penick, President, W. B. Worthen Company, Bankers, Little Rock, Ark., President of the ABA State Bank Division;
B. Murray Peyton, President, The Minnesota National Bank, Duluth, Minn.;
Charles E. Spencer, Jr., President, First National Bank, Boston, Mass.;
Richard G. Stockton, Vice-President, Wachovia Bank and Trust Co., Winston-Salem, N. C., President of the ABA Trust Division;
A. L. M. Wiggins, President, Bank of Hartsville, Hartsville, S. C., Second-Vice-President of the Association.

New ABA Section Chief

William Duncan, Jr., Secretary of the Minnesota Bankers Association, of Minneapolis, was elected President of the State Secretaries Section of the American Bankers Association at the annual meeting held at Chicago on Sept. 29 during the convention of the Association. Mr. Duncan was elevated from the office of First Vice-President, which he held during the past year. Fred M. Bowman, Secretary Kansas Bankers Association, of Topeka, Kans., was elected First Vice-President of the Section. Mr. Bowman was elevated from the office of Second Vice-President.

Lauder Hodges, Executive Manager of the California Bankers Association, San Francisco, was elected Second Vice-President of the Section. Two members were elected to the Board of Control; they are: G. Harold Welch, Secretary of Connecticut Bankers Association, New Haven, and Gordon D. Palmer, Secretary of the Alabama Bankers Association, Tuscaloosa.

CHARTERED 1853

United States Trust Company of New York

Statement of Condition September 30, 1941

RESOURCES

Cash in Banks	$ 80,699,350.36
Loans	25,699,316.56
Bills Purchased	14,217,058.42
United States Treasury Bonds and Notes	32,926,000.00
Other Bonds	6,688,500.00
Stock in Federal Reserve Bank	840,000.00
Bonds and Mortgages	5,854,385.83
Real Estate	1,900,000.00
Accrued Interest Receivable	331,213.04
	$169,155,824.21

LIABILITIES

Capital	$ 2,000,000.00
Surplus	26,000,000.00
Undivided Profits	2,877,307.38
Deposits	136,687,728.08
Reserved for Taxes, Interest, Expenses, etc.	1,279,906.27
Unearned Discount	10,882.48
Dividend Payable October 1, 1941	300,000.00
	$169,155,824.21

United States Government and other securities carried at $433.750 are pledged to secure public deposits and for other purposes required by law.

TRUSTEES

WILLIAM M. KINGSLEY, Chairman
WILLIAMSON PELL, President

JOHN J. PHELPS
JOHN SLOANE
FRANK L. POLK
JOHN P. WILSON
BARKLIE HENRY
GEORGE de FOREST LORD
ROLAND L. REDMOND
HAMILTON HADLEY
FRANCIS T. P. PLIMPTON
BENJAMIN STRONG
JOHN HAY WHITNEY
G. FORREST BUTTERWORTH, Jr.
JAMES H. BREWSTER, Jr.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Bank Cultivation of Field of Selling Credit Is Urged by Fred L. O'Hair of ABA

Bankers were reminded at the annual meeting of the National Bank Division of the A. B. A. that there are ample profits in country banks if these institutions will combine the principles and low cost of mass production with a personalized merchandising program,—the reminder coming from Fred L. O'Hair, President of the Central National Bank, Greencastle, Ind. Addressing the Division on Sept. 29 at Chicago, Mr. O'Hair declared that the cultivation of the field of selling credit will yield large opportunities, and closer contact with more people will result in mutual understanding by all. If a bank's money is to maintain its proper place in the community, he said bankers must be prepared to serve the trade. In his address he also said:

Fred L. O'Hair

A recently published comparison of reports of the Bank Management Commission of the A. B. A. shows the ratios of net operating earnings to deposits of all insured banks 28% lower in 1940 than 1937; net profits ratio 21% lower. Ratios of earnings from all sources have been lower each succeeding year of the four year period.

The rapid rise in deposits in this period may somewhat distort the picture by the use of these ratios. Nevertheless, our job is to convert deposits into earning assets for profit. The trend of profits has been downward for a quarter of a century. We have lived with the problem, have tried various solutions, but apparently have not found the correct answer.

I suggest that we examine our business with a critical eye, and from the viewpoint of an outsider. Call it "self-analysis of a country banker." Let us assume that we are responsible for each of these ten thousand country banks, as indeed we are.

Perhaps we haven't made enough effort to produce profits by improving our product, enlarging our field, reducing our costs and prices. Yet the success stories of America fall in one general pattern—giving the customer a better product at a lower price. Other businesses with products of general use have profited by large volume with small margin.

Our stock in trade is the one universal commodity, money—and credit, which is the thing people use as money. Twenty odd years ago some 25,000 banks did the credit business of the country. Now 13,000 of us compete with more than 25,000 other sources of credit, not including Government agencies. An entire new generation of potential customers has grown up to depend on others than ourselves for their credit needs. In the same time other businesses have developed their products from mere experiments into every day necessities. What do these other businesses have that we don't have? Salesmanship, mostly.

Our product—credit—is good. Everybody uses it at one time or another. Not only do we have a better margin in retailing than wholesaling, but that is our natural field. Our job is to develop that field; to carry a better understanding of it to the public.

While we are doing this, however, perhaps we should give some thought to equipping ourselves with a better understanding of the money needs of the public. Sales managers gather all available facts regarding their markets. They test public opinion. We can use the same method.

The average present day credit customer may seem to us bewildered when considering his own problems. He knows his immediate need but that is about all. It seems to me to be our obligation to teach him how to go into debt—so he can get out. There lies a big opportunity to serve. But with the opportunity goes the responsibility to conserve, the traditional responsibility of the banker. If we accept both opportunity and responsibility the banking business can take both competition and regulation in its stride.

CHEMICAL
BANK
&
TRUST COMPANY
Founded 1824
165 Broadway, New York

CONDENSED STATEMENT OF CONDITION
At the close of business, September 30, 1941

ASSETS

Cash and Due from Banks	$371,130,377.69
U. S. Government Obligations, Direct and Fully Guaranteed	304,326,712.73
Bankers' Acceptances and Call Loans	27,498,484.76
State and Municipal Bonds	80,404,862.38
Other Bonds and Investments	111,709,666.00
Loans and Discounts	132,370,740.51
Banking Houses	545,227.82
Other Real Estate	5,058,294.34
Mortgages	1,560,355.76
Credits Granted on Acceptances	1,340,456.97
Other Assets	3,813,678.62
	$1,039,758,857.58

LIABILITIES

Capital Stock	$20,000,000.00	
Surplus	50,000,000.00	
Undivided Profits	8,607,434.45	$78,607,434.45
Dividend Payable October 1, 1941		900,000.00
Reserves, Taxes, Interest, etc.		4,863,352.26
Acceptances Outstanding	$5,361,160.66	
(less own acceptances held in portfolio)	3,815,108.21	1,546,052.45
Other Liabilities		206,969.46
Deposits *(including Official and Certified Checks Outstanding $21,213,899.25)*		953,635,048.96
		$1,039,758,857.58

U. S. Government Obligations and other securities carried at $37,382,963.59 in the foregoing statement are deposited to secure public funds and for other purposes required by law.

Charter Member New York Clearing House Association
Member Federal Reserve System
Member Federal Deposit Insurance Corporation

Diversify to Meet Inflation Problems

(*Concluded from Page* 501)

to individuals who may do the work for less money even though they do it less efficiently. The point is that we must lay plans not just for increasing commission charges, but for substantially reducing our costs as well. I emphasized a few minutes ago the value of the Common Trust Fund in this regard. I have no doubt that intensive study of administrative methods will produce other savings substantial in character.

ABA Elects Stockton, Theis Division Chiefs

(*Continued from Page* 490)

ciaries Association of New York City, served as the Association's Vice-President in 1934 and 1935, and as President in 1936 and 1937. He is a member of the executive committee of the Trust Companies Association of the State of New York.

Mr. Theis has long been active in the Trust Division of the American Bankers Association and is a member of the Division's Executive Committee. He has been chairman of the Division's Committee on Costs and Charges since 1929, and is also a member of the Trust Policies Committee. He served also as a member of the committee that wrote the text books, "Trust Business I and II," now used by the American Institute of Banking. He was a member of the American Bankers Association NRA Code Committee, and also served for a year on the Association's Research Council.

ABA Sav. Div. Head

Stuart C. Frazier, Vice-President of the Washington Mutual Savings Bank, of Seattle, Wash., was elected President of the Savings Division of the American Bankers Association at the annual meeting held at Chicago on Sept. 29 during the convention of the American Bankers Association. Mr. Frazier was elevated from the office of Vice-President, which he held during the past year. W. W. Slocum, President The United Savings Bank, Detroit, Mich., was elected Vice-President of the Division.

ABA State Bank Div. Pres.

James H. Penick, President W. B. Worthen Co., bankers, of Little Rock, Ark., was elected President of the State Bank Division of the American Bankers Association at the annual meeting held at Chicago on Sept. 29 during the convention of the Association. Frank P. Powers, President Kanabec State Bank, Mora, Minn., was elected Vice-President of the Division. Wood Netherland, Vice-President Mercantile-Commerce Bank and Trust Co., St. Louis, Mo,. was elected Chairman of the Division's Executive Committee.

George Stoller Now In Greystone Studios

Mr. George Stoller, the founder of the Blank & Stoller Corp., which is no longer in business, has announced his association with the Greystone-Stoller Corp.

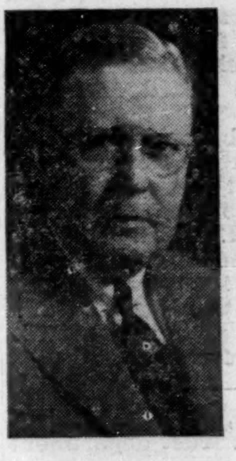
Both Mr. Stoller and the Greystone studios have been doing the photographic work for business executives of the United States and have served the leading trade publications an associations. We are indebted to the Greystone-Stoller Corp. for many of the pictures used in this issue.

Heads ABA Nat. Bank Div.

W. C. Bowman, President of the First National Bank of Montgomery, Ala., was elected President of the National Bank Division of the American Bankers Association at the annual meeting held at Chicago during the convention of the Association. Mr. Bowman was elevated from the office of Vice-President, which he held during the past year. S. A. Phillips, Vice-President of the First National Bank, Louisville, Ky., was elected Vice-President of the Division

John Burgess Finds Consumer Credit Is Necessary Function of Commercial Banks

That Consumer credit departments of banks perform a necessary and worth-while credit function in this country's economy and at the same time place the banker in direct touch with a large number of people who need and deserve small loans, was the opinion expressed by John Burgess, Vice-President of the Northwestern National Bank & Trust Co., Minneapolis, Minn., at a round table conference on bank management on Sept. 30 at the annual convention of the ABA. According to Mr. Burgess "instalment loaning is a banking function worthy of serious, dignified treatment, for many an individual's only or first opportunity to come into contact with a bank will come through the small loan department." He likewise stated that "the opportunity to acquire the security of established credit at 'his bank' to acquire valuable equipment for comforts or convenience with the help of 'his bank' is a powerful and moving relationship." From his address we also quote:


John Burgess

To walk proudly into "his bank" and negotiate a loan at a reasonable rate in a business-like way is a privilege never to be forgotten. Certainly such objectives are worthy of dignified quarters, considerate treatment and meticulous attention to detail.

As we approach this problem then, let us use common sense and coolness, but above all the Christian, social and economic principles that we have been preaching and lately more widely practicing in the general banking field. So far as the little man is concerned, the golden rule is a good rule to live by. It is not incompatible with good banking practice. It is of immense importance if we are going to keep democracy alive and help it to progress and win the hitherto unsung but perpetual battle to make decent human living universal.

If we as bankers, faithful to our trust and believing that favoritism has no place in quasi-public administration, would do justice, can we assume that character is measured by the size of the borrower's asset statement?

If we would build respect for our judgment, we must be temperate in terms, fair in appraisal, unprejudiced in judgment, impartial as to accidents of birth, race or religion.

If we as bankers are to do our full duty, we must exercise wisdom as to the purposes for which credit, large or small, but especially small, extended to the inexperienced borrower, is to be put. And what an opportunity is here afforded for banks and bankers to regain, retain or increase that position of financial confessor, fiscal advisor, and monetary next friend to the public at large, to which we all aspire.

Can we do all this in times like these? Yes, if we have courage, the courage of which I spoke. Without courage in times like these, we had best retire from the field of free enterprise. But the American way is ahead, not astern.

In the present emergency, Mr. Burgess stated that it is up to all of us now, to do several specific things:

1. We should do our utmost to continue extensions of instalment credit within the scope of the Reserve Board's regulations. Too sharp a contraction would certainly not be in the public interest at this time.
2. We should endeavor to increase the scope of banks' activities in this field, because it is their rightful field and can be best cultivated by them at the least expense to the consumer.
3. The banks should maintain their positions in this field because when defense industries are liquidated a vast amount of labor and capital will have to be employed in consumer goods industries, and the banks should be in a position to stimulate a revival in these peace-time industries through the smooth operation of the machinery of instalment sales and financing.

Municipal News & Notes

In recent weeks considerable attention has been devoted by the bond fraternity to the contrast which has existed in price gains sustained in tax exempt obligations and the dullness exhibited by U. S. Treasury and other high grade issues. In a new spurt of activity in the municipal market during the past several days, dealers reported that substantial inroads were made in the supply of offerings generally. In fact, a number of unsold balances of new issues that had been lying on shelves are said to have been completely moved out. Increased investor interest is said to have been distinctly apparent, although the major portion of the increased animation was attributed to professional buying. This was supported by the reoffering of some of the bonds that had changed hands at mark-ups in prices.

The current trend toward awards of high grade municipal flotations at ever mounting prices and consequent lower yields, has investment houses searching for fundamental causes. The present scarcity value of state and city bonds is held by the experts to be a leading factor in the upswing. Notwithstanding the vast total of such bonds outstanding, the market supply usually is modest, for the bonds rest primarily in institutional portfolios and there is not much likelihood of resale by such holders. The prospects at the present time, moreover are for light new issues for the "duration."

There is no doubt that the extreme levies now being enacted and foreshadowed at Washington have stimulated interest in exempt issues, but every informed buyer is aware of the Treasury drive to terminate reciprocal tax immunity and no assurance can be held out that the bonds will remain exempt. In two important legal actions the Treasury is asserting a right to tax issues now outstanding and exempt.

The need for diversity in large portfolios contributes to the current demand for municipal bonds, and probably explains in large part the much larger recent advances in such securities than have been recorded in United States Treasury obligations. No difficulty will be encountered, it is certain, in adding untold amounts of Treasury bonds to portfolios, but state and city issues are a different matter. For local reasons they often are preferred over Treasury obligations.

Municipal Over-Financing Danger Stressed

At a conference attended in New York last week by 250 municipal finance officers from Eastern states, various spokesmen for cities large and small urged economy as the keynote of these times. The heavy underscoring of economical operation is, of course, advisable.

But in the field of capital outlays by municipalities, priorities already are taking care of the situation. Unable to obtain materials, the states and cities are cutting their capital improvements sharply, and the new bonds that finance the enterprises are appearing in slower volume.

1941 State Tax Collections Up 7%

State tax collections for the fiscal year ending in 1941 will approach $4,500,000,000, increasing 7% above 1940, according to a preliminary report of **State Tax Collections: 1941**, released by the Bureau of the Census. This figure, which reflects the rapid acceleration of business activities in connection with national defense, is based upon trends from collections reported for the States in which 1941 fiscal years have already ended.

Most striking increases occurred in collections of State income taxes, which rose 17%, and general sales taxes, which were up 13% over last year. Other sales taxes also showed increased collections: from gasoline, 8%; alcoholic beverages, 8%, and tobacco products, 6%. Total collections of all types of sales taxes combined increased 9% over 1940, or $149,000,000, to a total of $1,796,000,000. Unemployment compensation taxes increased 4% over 1940.

Among the States with fiscal years that have already ended, all but Delaware reported increased collections. Thirteen States reported unusual gains over last year as follows: Michigan, 18%; Virginia, 18%; North Carolina, 15%; North Dakota, 15%; Georgia, 13%; Kentucky, 13%; Oregon, 13%; South Carolina, 13%; California, 11%; Washington, 10%; Wisconsin, 10%; Montana, 9%, and Tennessee, 7%.

In addition to California, Michigan, and Wisconsin, other States with collections exceeding $100,000,000 in 1941 reported increases over last year as follows: New York, 5%; Illinois, 4%; Indiana, 3%, and New Jersey, 6%.

N. Y. State Municipal Finance Law Ready for '42

Improved credit and a generally stronger fiscal structure was predicted for all local units in New York State by Republican Assemblyman Abbot Low Moffat, at a recent meeting of the Municipal Finance Commission, created by the State Legislature. This commission has drawn up a measure for submission at the 1942 legislative session, which incorporates a comprehensive local finance act.

Assemblyman Moffat reports that the 1942 bill, designed to cover county, city, town, village and lesser units of government, will deal only with regulation of borrowing. Subsequent legislatures will be asked, he explained, to add provisions on budgeting, taxes, funds accounting, and other financing activities.

Anticipating approval of the bill by the Republican-controlled 1942 legislature, Moffat, assembly ways and means committee chairman, said, "We hope to make the statute eventually the local financial bible."

Municipal financing rules, now part of housing, education, and numerous other laws, would be gathered into one statute setting up what Moffat termed a "standard financing procedure."

The proposed legislation also would implement revised municipal financing provisions of the state constitution adopted in 1938.

New England Power Rationing Foreseen

The possibility of rationing of electricity to some New England industries has developed recently amid the continuing controversy over Government restriction of gasoline sales on the Eastern seaboard.

Officials of the Federal Power Commission said the extended drought had resulted in a critical situation with respect to hydroelectric power in Maine and western Massachusetts, and that a shortage of electricity might become general throughout New England.

To meet possible eventualities, they said, commission engineers are working on a rationing plan to assure adequate energy for essential industries. This, an official added, may require some industries producing non-defense goods "to get along with less power for a few weeks."

Texas Education Board Studies Bond Defaults

The end which the State Board of Education had in view in having the history of defaults on bonds owned by the permanent school fund studied was to qualify itself for proposing better legislative safeguards against the causes and occasions which had brought about the defaults. Accordingly, Gaynor Kendall, chief analyst, in his report to the board, has listed the defects of law and laxities of administration to which the defects are chargeable, reciting concrete cases, by way of illustration, and in every instance proposing a legislative remedy. A few of the bills submitted to the Legislature for this purpose were enacted. Others will be submitted to the next Legislature by the board.

Kendall found that all defaults on tax-supported bonds were ascribable to one or more of four major factors: Inadequacy of the tax rate, loss or decline of assessed valuations, failure to collect taxes levied, failure to apply to debt service taxes collected therefor.

Inadequate tax rates, he says, are most frequently due to the desire of officials to minimize the burden borne by taxpayers, in which laudable endeavor they frequently go too far, and to a propensity to over-estimate the percentage of the taxes assessed that will be collected. Defaults from these causes, he adds, are not often very serious, for courts will compel sufficient levies in behalf of issues whose claims have become overdue. He adds that while the refusal of the courts to act in advance of default operates as a temptation to default, the certainty that they will act after default pretty well assures ultimately the discharge of the obligations of communities which have not lost the power to pay.

Nevada Deprecates Maryland's Tax Cut

Governor O'Conor's widely publicized announcement that he had reduced Maryland's personal property tax rate 8 cents and that his state is now in the black with only its bonded indebtedness of $49,000,000, has evoked a response from the State of Nevada.

Nevada hasn't bought red ink in 75 years, it has $1,291,385.42 in the treasury, its total bonded indebtedness on July 1 was $431,000, and its only taxes are on real estate, personal property, gasoline and liquor.

Governor E. P. Carville, a Democrat like Mr. O'Conor, said the system for keeping the books balanced was simple.

"Sit tight," he said. "Sit on the taxes. Pay as you go, on the traditional cash-and-carry basis. That's the pioneer spirit and the way we do it in Nevada."

Nevada, he said, has a clean cuff, silver dollars (paper currency in this silver state is taboo) in its jeans, and a tax rate of only 69½ cents. It has no sales tax, inheritance, state income tax, tobacco tax or other "nuisance" taxes.

Tacoma Bridge Bond Payment Available

Holders of the bonds on the ill-fated Tacoma, Wash., toll bridge, which under pressure of a "freak" gale collapsed and fell into the narrows last November 7, now can obtain payment of principal and interest, and in most cases a premium above the nominal value

FLORIDA

FLORIDA
MUNICIPAL BONDS

Our long experience in handling Florida issues gives us a comprehensive background of familiarity with these municipal bonds. We will be glad to answer any inquiry regarding them at no obligation.

R. E. CRUMMER & COMPANY
INVESTMENT SECURITIES
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The best "Hedge" security for Banks and Insurance Co's.
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The FIRST
NATIONAL BANK *of*
BOSTON
1784 ★ 1941

23 BANKING OFFICES IN BOSTON
FOREIGN BRANCHES IN ARGENTINA AND CUBA

A CONDENSED STATEMENT *of* CONDITION
Covering all Offices and Foreign Branches
as of September 24, 1941

RESOURCES

Cash and Due from Banks		$431,658,655.54
United States Government Obligations		143,309,774.10
State and Municipal Securities		15,002,895.09
Stock of Federal Reserve Bank		2,010,000.00
Other Securities		17,779,280.60
Loans and Discounts		304,583,556.87
Customers' Liability for Acceptances		5,932,455.49
Banking Houses		12,251,143.54
Other Real Estate		1,655,290.42
Other Assets		3,699,281.12
Total		$937,882,332.77

LIABILITIES

Deposits		$833,403,447.77
Acceptances Executed	$8,972,229.78	
Less: Held for Investment	2,049,203.82	6,923,025.96
Items in Transit with Foreign Branches		287,377.51
Reserve for Interest, Taxes, Dividend and Unearned Discount		3,397,723.22
Other Liabilities		2,312,960.77
Reserve for Contingencies		8,709,914.59
Capital	$27,812,500.00	
Surplus	39,187,500.00	
Undivided Profits	15,847,882.95	82,847,882.95
Total		$937,882,332.77

The figures of Old Colony Trust Company, which is beneficially owned by the stockholders of The First National Bank of Boston, are not included in the above statement.

Member of the Federal Deposit Insurance Corporation

of the obligations, as the result of action just taken by the Washington Toll Bridge Authority.

An ordinance has been passed by the board authorizing the trustee to accept the bonds for can-1, 1941. All of the $3,750,000 of the original issue of that amount of 3 and 3¼% securities maturing Sept. 1, 1960, with the exception of $85,000 that became optional on Sept. 1, last, at par, are to receive a price of 104 and interest to Oct. 1. The optional bonds are to be retired at the call price of 100, but interest also will be paid on them to Oct. 1.

Payment is to be made from receipts on insurance policies of $5,200,000 covering the structure and $240,000 on its operation. The claim on the span itself was settled Aug. 26 for $4,000,000 cash and salvage rights to the authority, plus payments of $220,000 to cover loss of use and occupancy.

Oregon County Wants to Secede

Memories of the "War Between the States" welled up as we read an Associated Press dispatch reporting that the residents of Curry County in Oregon believe they are being slighted by their home State, so they're planning to secede. Asserting the State is refusing to develop the county's mineral resources, the County Court appointed a commission to study secession procedure and to apply for admission to California.

Local Housing Units Schedule Note Offerings

Twenty-seven local housing authorities are planning to offer more than $85,000,000 of temporary loan notes later this month. Maturities range from three to 12 months.

Business Established 1818

BROWN BROTHERS HARRIMAN & CO.

PRIVATE BANKERS

NEW YORK BOSTON PHILADELPHIA

Statement of Condition, September 30, 1941

ASSETS

CASH ON HAND AND DUE FROM BANKS	$ 38,307,662.22
UNITED STATES GOVERNMENT SECURITIES *Valued at Cost or Market whichever Lower*	46,981,812.51
CALL LOANS AND ACCEPTANCES OF OTHER BANKS	7,527,817.57
SECURITIES CALLED OR MATURING WITHIN 1 YEAR *Valued at Cost or Market whichever Lower*	6,005,631.54
LOANS AND ADVANCES	32,469,331.21
MARKETABLE BONDS AND STOCKS *Valued at Cost or Market whichever Lower*	12,246,995.75
CUSTOMERS' LIABILITY ON ACCEPTANCES	7,644,851.15
OTHER ASSETS	329,160.85
	$151,513,262.80

LIABILITIES

DEPOSITS—DEMAND	$125,454,483.58	
DEPOSITS—TIME	3,847,886.22	$129,302,369.80
ACCEPTANCES	$ 8,166,085.91	
LESS OWN ACCEPTANCES HELD IN PORTFOLIO	669,172.46	7,496,913.45
ACCRUED INTEREST, EXPENSES, ETC.		186,317.62
RESERVE FOR CONTINGENCIES		1,182,037.94
CAPITAL	$ 2,000,000.00	
SURPLUS	11,345,623.99	13,345,623.99
		$151,513,262.80

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Licensed as Private Bankers and subject to examination and regulation by the Superintendent of Banks of the State of New York and by the Department of Banking of the Commonwealth of Pennsylvania. Subject to supervision and examination by the Commissioner of Banks of the Commonwealth of Massachusetts.

Bids for 13 of the issues will be opened October 14 and the remainder will be marketed Oct. 21. At the previous offering of housing notes interest rates ranged from 0.33% to 0.44%.

Funds obtained from the sale of the notes will be used to repay the United States Housing Authority for money already advanced on loan contracts, together with accrued interest, or to retire maturing short-term paper, and the balance will be used for construction costs during the term of the notes.

Following are issues scheduled for sale Oct. 14:

City	Amount	Maturity
Boston, Mass.	$24,000,000	5- 6-1942
Scranton, Pa.	1,000,000	6-30-1942
Camden, N. J.	1,410,000	5- 6-1942
Washington, D. C.	9,140,000	5- 6-1942
Baltimore, Md.	18,225,000	5- 6-1942
St. Clair Co., Ill.	1,880,000	9-30-1942
New Albany, Ind.	475,000	9,30-1942
Quincy, Ill.	970,000	9-30-1942
Lake Charles, La.	500,000	3-31-1942
Galveston, Tex.	800,000	6-30-1942
Corpus Christi, Tex.	918.000	11-10-1942
Oakland, Cal.	2,650,000	3-31-1942
Twin Falls, Idaho	150,000	3-31-1942

Issues scheduled for sale on Oct. 21 follow:

City	Amount	Maturity
Providence, R. I.	$5,000 000	5- 6-1942
Anaconda, Mont.	376,000	6- 6-1942
Montgomery, Ala.	1,480,000	11-10-1942

Public participation in the temporary financing of the USHA slum clearance program was initiated about two years ago with the first sale of local authorities' notes. In all, more than $835,081,000 such notes have been placed through public competitive sale at interest rates averaging about 0.50%, thus affecting substantial savings over the rate of interest the USHA is required to charge for its loans.

Major Sales Scheduled

We list herewith the more important municipal offerings ($500,000 or over — short term issues excluded), which are to come up in the near future. The names of the successful bidder and the runner-up for the last previous isue sold are also appended.

Oct. 9th (Today)

$661.000 Onondaga Co., N. Y.

Syndicate headed by Lehman Bros. of New York, purchased the bonds offered last December. Phelps, Fenn & Co., of New York, and associates, second best bidder.

$504,000 Union City, N. J.

This city has not negotiated any recent bond sales.

$14,100,000 Philadelphia, Pa.

Syndicate headed by Drexel & Co. of Philadelphia, obtained award of the bonds offered in Dec. 1939. Second best bid was entered by the First Boston Corp., and associates.

Oct. 14th

$3,000,000 South Carolina, State of

The most recent issue of long-term State highway certificates of indebtedness was sold last March, the award going to a syndicate headed by Lehman Bros. of New York, out-bidding the Union Securities Corp. of New York, and associates.

$62,118,000 USHA temporary loans

Refer to remarks given above on these obligations.

Oct. 21st

$6,856,000 USHA temporary loans

See note under the Oct. 14th entry.

Nov. 4th

$1,030,000 Terrebonne Par., La.

This parish has not made any recent sales of bonds.

Items About Banks, Trust Companies

(Continued from Page 503)

Isaac W. Roberts has been elected President of the Philadelphia Savings Fund Society, Philadelphia, Pa., succeeding the late Stacy B. Lloyd, it was announced on Sept. 12 by the Board of Managers. Mr. Roberts, whose association with the bank dates from 1922 when he was made a manager, is promoted from the office of Vice-President to which he was elected in June, 1931. His election marks him as the twelfth President since the institution was founded 125 years ago. Mr. Lloyd's death on July 30 was mentioned in these columns Aug. 2, page 638.

Nelson C. Denney, a Vice-President of the Fidelity-Philadelphia Trust Co., Philadelphia, Pa., died on Sept. 15 in the Cooper Hospital, Camden, N. J., after an illness of seven months. Mr. Denney, who lived in Merchantville, N. J., had been associated with the Fidelity-Philadelphia Trust Co. for 55 years.

Edward A, Young has been elected President of the North Side Deposit Bank, Pittsburgh, to fill the vacancy caused by the death of A. V. Purnell. Mr. Young has served as Vice-President and a Director since the bank's organization in 1934. Edwin O. Long, Secretary of the D. L. Clark Co., was elected Vice-President of the bank. He also has served as a director since the bank's organization.

Raymond M. Merritt was elected Assistant Secretary. Other officers of the bank include Raymond G. Geltz, Treasurer, and Stanley Crowe, Secretary.

William E. Howard, Vice-President of the Braddock National Bank, Braddeck, Pa., on Sept. 17 was elected President by the institution's Board of Directors. He will assume his new duties on Oct. 1, succeeding George A. Todd, who will retire at that time. Mr. Todd has served the bank for the past 54 years and has been President since 1929. Mr. Howard joined the institution in 1932, becoming Vice-President in 1934.

Alexander Fleet Ryland, Vice-President of the First and Merchants National Bank, Richmond, Va., died on Sept. 17 of a heart attack at his home in Richmond. He was 64 years of age. Following his graduation from the Virginia Military Institute in 1897, Mr. Ryland joined the First National Bank of Richmond in 1899. He was made cashier in 1908 and Vice-President in 1918, and following the merger of the First National with the Merchants National Bank in 1926, was elected Vice-President of the combined institution, the present First and Merchants National Bank.

Mr. Ryland was one of the organizers of the Richmond Chapter of the American Institute of Banking and was a member for three years of the Executive Council of the American Bankers' Association, representing Virginia. He also was a member of the Association of Reserve City Bankers.

M. J. Fleming, President of Federal Reserve Bank of Cleveland, announced on Sept. 17 the admission to membership in the Federal Reserve System of the Liberty Bank, Ada, Ohio. The bank was organized in 1902 with an authorized capital of $30,000, which was increased to $60,000 on Nov. 12, 1914. Officers of the bank are: H. J. Sousley, President; H. M. Povenmire, Vice-President; Lloyd McElroy, Cashier, and J. A. Welsh, Assistant Cashier.

Directors of the Industrial National Bank, of Chicago, have elected George H. Goessele to the position of Cashier. Mr. Goessele who was formerly Assistant Cashier, takes over the post of Cashier, temporarily held by Edwin J. Tietz, Vice-President of the bank.

The Board of Directors of the Republic National Bank of Dallas have called a special meeting of the shareholders of the bank, to be held Oct. 14, for the purpose of voting upon the proposal to increase the capital stock of the institution from $4,000,000 to $5,000,000. In a letter sent to stockholders on Sept. 13, Fred F. Florence, President of the bank, announced that there are now outstanding 200,000 share of common stock of the par value of $20 each, and it is contemplated that 50,000 additional shares will be issued, ratably, to the present shareholders at $20 per share, thereby providing $1,000,000 to cover the increase in the capital stock. His letter went on to say:

The increase in the capital account of the bank was deemed advisable by the Board so as to better prepare the bank to meet the growing volume of business that is steadily being developed throughout the Southwest, and also to provide the bank with a capital structure that will contribute even more substantially towards the maintenance of Dallas as the financial center of the Southwest.

The present surplus of the bank is $4,000,000, and it is also proposed that $1,000,000 will be transferred from the undivided profits account to the surplus account, making the surplus $5,000,000. This will give the bank a paid-up capital and surplus of $10,000,000.

The Public National Bank and Trust Company of New York formally opened on Oct. 6 its new and enlarged main office quarters in the bank's own 9-story building at 37 Broad Street, recently acquired by purchase. The new home of Public National is an impressive structure. The building, was acquired by the bank from the New York Stock Exchange, in an outright purchase for cash. In commenting on the move from its former headquarters in William Street, officials of the Bank characterized it as the inevitable result of the steady growth and expansion of the bank. In a recent statement E. Chester Gersten, President, hailed the purchase of the new building as symbolizing 33 years of sound progress for the institution. The Bank's September 30th statement shows total loans of $87.725.486.21: total deposits of $179.201.588.90; capital surplus and undivided profits of $18.125.268.83 and total resources of $201,618,904.73.

The new home of Public National is completely equipped with up-to-date of modern banking facilities and appointments. The area occupied by the Bank itself represents a 60% increase in headquarters office space, and consists of the sub-basement, a lower banking level and the main banking floor together with the first and second mezzanines and the entire second and third floors. The sub-basement, two floors below street level, contains extensive vaults which are of the most modern types known.

The lower banking level will be occupied by various departments of the Bank. The main banking floor on the street level is a notable example of modern banking interior, with its 30-foot accoustical ceiling, massive bronze doors and 12 columns with marble mosaic and bronze fillets. The second and third floors will provide space for the Bank's various departments, quarters for officers other than those located on main banking floor, President's office, directors' and conference rooms, as well as recreation rooms for men and women employees. The fourth to ninth floors, rented to business concerns. The Public National Bank and Trust Co. it is stated now ranks 45th among the nation's leading banking organizations. It was founded in 1908 and has a total of 30 officers with complete banking facilities. Of these, 11 are in Manhattan, 10 in the Bronx and 9 in Brooklyn.

Percy H. Johnston and Frank K. Houston, Chairman and President, respectively, of the Chemical Bank & Trust Co., New York City, announced on Sept. 24 the organization of a Quarter-Century

Club composed of directors, officers and employees who have served the bank or its constituent institutions continuously for 25 years or more. The membership totals 117, consisting of 94 actively employed and 23 on the pension list. Each member actively employed was presented with a gold service emblem; a diamond having been added for each additional five years of service. Pensioned employees received emblems indicating the number of years served up to the time of their retirement.

Oldest employee in point of service is John F. Flaacke, Assistant Secretary of the bank and Honorary President of the Club, who is now in his 71st year of continuous service.

The Guaranty Trust Co. of New York, New York City, recently announced the appointment of Francis P. Ford as an Assistant Treasurer and of Robert S. Denvir as an Assistant Secretary.

Fletcher W. Rockwell, President and a Director of the National Lead Co., has been elected a member of the Board of Directors of the Irving Trust Co., New York City, it was announced Sept. 12 by Harry E. Ward, President of the institution. Mr. Rockwell is also a Director of the Patino Mines and Enterprises and of the Doehler Die Casting Corp.

William C. Thompson, Vice-President of the French American Banking Corp., New York City, died on Sept. 13 in Paterson General Hospital, Paterson, N. J. He was 44 years old. A native of Broklyn, Mr. Thompson joined the French American Banking Corp. as a clerk in June, 1919, when the company was founded, and rose through the ranks to the position he held at his death. His home was in Ridgewood, N. J.

The financial statement of Brown Brothers Harriman & Co., New York, private bankers, as of Sept. 30, 1941, shows an increase in total assets to $151,513,263 compared with $150,537,304 on June 30, 1941, and $142,454,118 on Sept. 30, 1940. Deposits increased to $129,302,370, compared with $127,082,581 on June 30, and $121,541,297 on Sept. 30, last year. Capital and surplus of $13,345,624 compared with $13,326,121 three months ago and $13,265,254 a year ago. Loans and advances were $32,469,331 compared with $32 863,124 on June 30 and $21,795,006 on Sept. 30, 1940. Other asset items compare as follows with the figures for three months ago and a year ago: Cash, $38,307,662 against $39,382,068 and $38,063,614, respectively; United States Government securities (valued at lower of cost or market), $46,981,813 against $44 627,927 and $49,703,021; marketable bonds and stocks (valued at lower of cost or market), $12,246,993 against $12,695,184 and $10,401,688; customers' liabilities on acceptances, $7,664,851 against $8,722,539 and $6,542,185.

In its statement of Sept. 30, 1941, the Chemical Bank & Trust Co., New York, reported total resources of $1,039,758,858, the highest in the bank's history. Deposits, also the highest in the bank's history, amounted to $953,635,049. Total resources compared with $1,028,080,283 at end of June, and with $892,984,445 a year ago. The peak deposit figure compares with $940,555,893 on June 30, 1941, and with $808,542,554 on Sept. 30, 1940.

The bank's holdings of U. S. Government obligations (direct and fully guaranteed) amounted to $304,326,713, compared with $319,587,627 three months ago, and with $118,623,503 a year ago. Cash on hand and due from banks amounted to $371,130,378, against $362,126,568 on June 30, 1941, and $493,877,893 on Sept. 30, 1940. Loans and discounts amounted to $159,869,225, against $156,683,246 on June 30, 1941, and $137,284,769 a year ago. Capital and surplus remained unchanged at $20,000,000, and $50,000,000, respectively. Undivided profits totaled $8,607,434, compared with $8,357,142 on June 30, 1941, and $7,637,757 on Sept. 30, 1940.

The statement of the Chase National Bank of New York for Sept. 30, 1941, made public Oct. 2, shows deposits of $3,587,562,000, compared with $3,615,428,000 on June 30, 1941, and $3,251,342,000 on Sept. 30, 1940. Total resources amounted to $3,856,799,000 compared with $3,889,161,000 on June 30, 1941 and $3,522,990,000 on Sept. 30, 1940; cash in the bank's vaults and on deposit with the Federal Reserve Bank and other banks, $1,328,312,000 compared with $1,311,005,000 and $1,440,940,000 on the respective dates; investments in United States Government securities, $1,339,079,000 compared with $1,437,225,000 and $1,045,425,000; loans and discounts, $773,036,000 compared with $773,392,000 and $625,579,000. On Sept. 30, 1941, the capital of the bank was $100,270,000 and the surplus $100,270,000, both amounts unchanged. The undivided profits account on Sept. 30, 1941, amounted to $40,441,000 compared with $37,183,000 on June 30, 1941 and $36,535,000 on Sept. 30, 1940.

The statement of condition of Manufacturers Trust Co., New York City, as of Sept. 30, 1941 shows deposits of $985,665,790 and resources of $1,082,432,811, compared with deposits of $856,162,984 and resources of $950,811,789 on Sept. 30, 1940. Cash and due from banks is listed at $354,140,771, as against $304,071,786 a year ago. U. S. Government Securities stands at $340,293,966; one year ago it was $304,005,430. Loans and bills purchased is $270,305,220, which compares with $210,541,450 a year ago. Preferred stock is shown as $8,892,780, common as $32,998,440, and surplus and undivided profits as $40,986,645. Net operating earnings for the three months ending Sept. 30, 1941, after amortization, taxes, etc., as well as dividends on preferred stock, but before reserves, amounted to $1,642,225, or 99 cents a share, as compared with $1,663,051, or $1.01 per share, for the corresponding period last year.

The Fulton Trust Company of New York reports total deposits of $29,820,755 and total assets of $34,997,820 in its statement of Sept. 30, 1941, compared with deposits of $27,531,110 and assets of $32,752,498 on June 30, 1941. Cash, U. S. Government securities and demand loans secured by collateral totaled $27,348,344, against $25,627,186 on June 30. State and municipal bonds were $3,092,983, compared with $2,585,045; time loans secured by collateral were $942,402 against $911,054 on June 30. The undivided profits account, after dividends in both cases totaled $916,902 on Sept. 30, against $922,901 on June 30.

Investment Trusts

(Continued from page 487)

and also improving their positions by reinvesting in better-situated issues. The time to take such losses is before the last day in December when the sudden rush of "cash" sales is liable to depress the market. Do your tax selling early as well as your Christmas shopping.

For the convenience of dealers, Hugh W. Long and Company has distributed forms prepared by the Monthly Stock Digest Service explaining the capital gain and loss provisions of the new law.

From a broadside received from Hare's Ltd., distributors of Insurance Group Shares:

"In the readjustment of security holdings, which is now becoming essential, greater preference will undoubtedly be shown for stability of earnings, rather than for sudden huge profits; for continuous, rather than prospective dividends; and for moderate price changes over sensational market action. On this basis stocks of leading fire insurance companies (which can be compared advantageously with almost any industry group) will undoubtedly rank high in popularity.

"The **old-fashioned virtue** of thrift is at the bottom of the superior performance of the stocks of those insurance companies which comprise the portfolio of Insurance Group Shares. These companies, for an average of over 90 years, have been distinguished for retaining in their business a very generous portion of their annual profits (50% and over), thereby increasing liquidating values and future investment earnings. As a result, their unbroken dividend record averages over 60 years.

"The business of these companies this year will undoubtedly exceed their 'all time peak.' So far, their net premiums written are 18.8% in excess of the similar period last year. Their underwriting profit margin has increased 34.0% and their investment income, 9.1%. These companies comparatively are most favorably situated in relation to taxes, price ceilings, priorities, wage demands and labor disturbances, etc."

East. Gas-Fuel Attractive

In view of the increased earnings and the outlook for further improvement, the possibilities are good that dividends on the 6% cumulative preferred stock of Eastern Gas & Fuel Associates may be raised to the full rate next year and within a reasonable time thereafter small payments made against the unpaid arrears, according to a memorandum just issued by G. A. Saxton & Co., Inc., 70 Pine Street, New York City. The income and price appreciation possibilities of this stock are particularly attractive, according to the memorandum, copies of which, with additional information, may be obtained from the Statistical Department of G. A. Saxton & Co.

Higher taxes,
More insurance

Probability of need for additional cash to pay rising estate levies suggests again giving thought to your life insurance.

May we help you?

THE PRUDENTIAL HAS THE STRENGTH OF GIBRALTAR

The Prudential
Insurance Company of America
Home Office, NEWARK, N. J.

F. H. PRINCE
BANKERS
PROVIDENCE, RHODE ISLAND

HIGH-GRADE
INVESTMENTS

Members
New York, Chicago &
Boston Stock Exchanges

Established 1856
H. Hentz & Co.
Members
New York Stock Exchange
New York Curb Exchange
New York Cotton Exchange
Commodity Exchange, Inc.
Chicago Board of Trade
New Orleans Cotton Exchange
And other Exchanges

N. Y. Cotton Exchange Bldg.
NEW YORK

BOSTON CHICAGO DETROIT
PITTSBURGH
GENEVA, SWITZERLAND

LAMBORN & CO.
99 WALL STREET
NEW YORK CITY

SUGAR
Export—Imports—Futures

DIgby 4-2727

Tomorrow's Markets Walter Whyte Says—

(Continued from page 483)

But then, everything is changed. Even old values are of as much use today as a BB air rifle in stopping a panzer division. Dividend yields, price times earnings ratios, big earnings and all the rest of the yardsticks are just so much gibberish today. No one pays any attention to them with the possible exception of statisticians. Even the old technical signals are ignored.

* * *

The big talk today—if anybody can be said to talk about it—is the action of the market and the outcome of the war. Of the two the latter given more newspaper space is the better conversation piece. We are, however, more concerned with the former.

* * *

In speaking of the market it is difficult not to treat it as unit. It's customary to ask, "what's the market doing?" rather than how's a single stock doing. Still, any answer applicable to the market as a whole seldom applies to any individual issue. It's futile to say the market is strong, or weak, when the stock you are concerned with is doing nothing or going down. Still, as most people are market rather than stock conscious, I'll give a little space to it.

* * *

Up to last Tuesday the market acted all right. At least it didn't act badly enough to worry people. But during the first two hours that day it took a tumble and ended the day not far from the lows. Yesterday it recovered a little but that's about all that could be said for it.

* * *

All this is history and interesting only in retrospect. It must be noted however that in selling off as it did the market came close to what is a very important resistance level. True, it didn't penetrate it but that in itself is cold comfort. The burden of proof is now up to the market. If the coming rally is to start the market must not get more than two points under Tuesday's lows. So much for that.

* * *

Now for the stocks we still have positions in. Anaconda despite all the shooting is still a couple of points away from it's 25 stop price. Hold on unless it breaks it.

* * *

Bendix with a stop at 34 is also in the clear. Hold that one too.

* * *

N. Y. Shipbuilding with 26 as a stop is another one that has managed to act better than the market.

* * *

Savage Arms is not near it's 17½ critical level and should also be held.

* * *

Swift & Co. just managed to clear it's 23½ stop by a small fraction. This last came in between 24 and 25. But the high after purchase advice was about 24½. Since then holders have gotten a 30c dividend which brings the price down to about 24 and a small fraction. I therefore suggest that the stop be lowered to 23.

* * *

The last stock in our list is Warner Bros., bought at about 5 with a stop at 3¾. There is no change in the stop in this one.

* * *

The prices at which stops in these issues have been determined is based on the theory expounded above. If the market holds, these stocks will hold too. If the market reacts any further these stocks will also react. But if the market sells off more than two points under last Tuesday's lows these stocks will break their critical prices. If that happens you are to sell them. Not because they aren't good stocks but because you will be able to buy them back cheaper.

* * *

O. J., Brooklyn, N. Y. Thanks for your wishes. Sorry pressure of work does not permit personal replies. The stock you are interested in isn't acting any worse or any better than the rest of the market. And earnings, no matter how big, play a small part in today's market evaluation. Sorry, have no information on company's dividend plans.

* * *

More next Thursday.

—Walter Whyte

[*The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.*]

"JOTTINGS"

(Continued from First Page)

to what the social-minded Mr. Field has to spend, even after alimony and P. M. Said to have $25,000,000 now, he will get another $40,000,000 in 1943 from the great Field estate.

The new paper, it is rumored, will be run off on Chicago Daily News presses.

The Chicago Federal is much further advanced on the paperwork of TFR-300 than New York, hopes to have it finished this month.

Recent mile-stones in investment banking history: (1) Morgan Stanley puts in a competitive bid for the Erie bonds; (2) Equitable sells out bonds it bought a few years ago ("you'll see more of this," say SEC officials); (3) Telephone asks for competitive bids; (4) three insurance companies walk off with the Telephone offering, by-passing the bankers; (5) quantity discounts for large buyers (i.e., insurance companies?) offered in a recent underwriting.

Incidentally, look for (1) vigorous protests this week from Chicago from convention of small insurance companies against big companies' on the ground that they are getting all the new issues; and (2) at least two life company presidents to testify at coming N. Y. State legislative hearing on common stocks for life companies—in favor.

Miscellaneous. — Fast-growing super-markets will be chief beneficiaries of coming food markups. . . . Pre-tax liquor sales here an all-time record. . . . For the first time since the war started, the port of New York is suffering some congestion. Railroad-steamship team-work has prevented it before. . . . Smartest remark in recent gasoline-shortage discussions was Moffatt's statement that talk of idle tank cars is a "play on words." Real question is rate of deliveries or "tank car potential."

Finance Corp. Interesting

Of interest to dealers is a revised four-page folder on Prudential Personal Finance Corp. by Reichart, DeWitt & Co., Inc., 165 Broadway, New York. The folder, which supplements the regular prospectus issued at the time the Finance company's bonds and common stocks were offered, brings down to date the earnings of the company and shows that after paying bond interest and Class A dividends and allowing for increased Federal taxes the earned surplus shows a growth for the six months ended June 30, 1941 of $7,616 as compared with $6,505 growth for the entire year 1940.

Now Bennett & Co.

(Special to The Financial Chronicle)

HOLLYWOOD, CALIF. — The firm name of Greenwood, Bennett & Co., Equitable Building, has been changed to Bennett & Co., Don L. Greenwood having withdrawn from partnership in the firm. Partners of the new organization are: Dana H. Bennett, general and limited partner; Max Hebgen, Edwin J. Greer, and Mrs. Marjorie W. Chapin, limited partners, Mrs. Dorothy Flanagan, a limited partner in the form organization having also withdrawn.

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Bankers response to financial needs of country commended by President Houston of A. B. A.—Pledges support to efforts in behalf of small business man. **Page 495**

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James H. Penick elected President of State Bank Division, A. B. A. **Page 504**

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A. B. A. agricultural plaque awarded to North Dakota Bankers Association. **Page 497**

Massiveness of defense program discussed by Mark A. Brown before A. B. A. **Page 494**

Licenses Revoked

MILWAUKEE, WIS.—The Department of Securities of the State of Wisconsin has announced that the licenses of Clarence A. Gundersen, a dealer in securities, and Charles P. McCrory, a representative of Gundersen, have been revoked on the grounds that the two men had used "fraudulent business practices" in their business dealings with the Rev. Fr. Thomas Pierce of Milwaukee, who sustained a net loss of $5,161.60 in transactions with Gundersen, while the securities dealers had made a net profit of $4,153.99 in the same transactions.

Richardson Re-opens

(Special to The Financial Chronicle)

John J. Richardson is again engaging in a securities business from offices at 165 Broadway, New York City. Mr. Richardson was previously in business in New York as an individual dealer and prior thereto was an officer of Edgar H. Stapper & Co., Inc. and R. H. McWilliams, Jr. Co.

B. J. Welch in Utica

UTICA, N. Y.—Bernard J. Welch has formed the B. J. Welch Company with offices at 110 Genesee Street to engage in a securities business.

Cottam in Santa Barbara

(Special to The Financial Chronicle)

SANTA BARBARA, CALIF.—J. Russell Cottam is engaging in a general brokerage business from offices at 488 Lilac Drive. Mr. Cottam was previously President of Industrial Investment Corporation of Sana Barbara.

SEC Sues Gerber Corp.

The Securities and Exchange Commission has filed a civil action in the Federal District Court of New York seeking a mandatory injunction directing the Gerber Corporation, 120 Broadway, New York City, to permit inspection of its books and records. The Gerber Corporation has been registered with the Commission since 1936, but has refused to make available to the Commission for inspection and examination the books and records which it is required to keep.

New Firm Name

BIRMINGHAM, ALA.—Ward, Sterne & Co., First National Building, announce that their firm name has been changed to Ward, Sterne, Agee & Leach. Principals of the firm are Mervyn H. Sterne, Rucker Agee and Edmund C. Leach.

Calendar of New Security Flotations

OFFERINGS

KEYES FIBRE CO.

Keyes Fibre Co. registered with SEC $1,400,000 First Mortgage Sinking Fund 4½% Bonds, due Oct. 1, 1956

Address—306 Bank of Commerce Bldg., Portland, Me.

Business—Manufactures a wide variety of moulded pulp products comprising more than 60 items and including plates, dishes, egg-packing material and egg cartons made of groundwood pulp derived principally from spruce pulpwood. About 57.16% of company's voting securities are held by New England Public Service Co and its subsidiary, Central Maine Power Co.

Underwriter—To be named by amendment to registration statement

Offering—To be offered to public, at price to be supplied by amendment

Proceeds—(a) to provide funds for retirement of entire outstanding $1,125,000 of First Mortgage Serial 6% bonds of predecessor company (assumed by company), (b) to pay $172,000 of bank loans of company and a subsidiary, and (c) balance for working capital

Keyes Fibre Co. filed an amendment with the SEC disclosing that Coffin & Burr, Inc., of Boston, has agreed to underwrite the entire issue of company's $1,400,000 of First Mortgage Sinking Fund 4½% bonds, due Oct. 1, 1956.

Offered—Oct. 9.

DOW CHEMICAL CO.

Dow Chemical Co. registered with SEC 113,519 shares common stock, no par

Address—Midland, Mich.

Business—Engaged in manufacture and sale of diversified line of inorganic and organic chemicals, also magnesium and magnesium alloys

Underwriting and Offering—The shares registered will first be offered to common stockholders of company of record at close of business Sept. 26, 1941, for subscription shares then held, at price of $100 per share. Such rights will expire Oct. 6, 1941. Any unsubscribed portion of such shares will be underwritten by underwriting group headed by Smith, Barney & Co., New York, others to be named by amendment. Smith, Barney & Co. is authorized to determine whether a public or any other offering of all or any part of the unsubscribed stock shall be made in the open market, or to dealers or in any other manner. Further details as to disposition of unsubscribed portion of such shares will be supplied by amendment

Proceeds will be added to company's cash funds, of which at least $5,000,000 will be applied to payment of present bank loans

Registration Statement No. 2-4843. Form A2. (9-17-41)

Effective—11 A.M., E.S.T., Sept. 26, 1941.

Offered—To stockholders of record Sept. 26, 1941. Rights expired Oct. 6. Entire issue subscribed for by stockholders (with exception of less than 1,000 shares which will be offered to employees).

Company filed amendment with SEC, disclosing that the underwriters have agreed to purchase from company, at price of $98 per share net to company, any of the 113,519 shares of company's no par common stock not subscribed for by exercise of subscription warrants issued to holders of company's outstanding capital stock.

Names of underwriters, and percentages of unsubscribed stock to be purchased by each, are as follows:

	% of Unsub. Stock
Smith, Barney & Co., N. Y.	13.21364
Bluth & Co., Inc., N. Y.	8.80910
Curtiss, House & Co., Cleveland	2.21901
Dillon, Read & Co., N. Y.	9.69001
First Boston Corp., N. Y.	8.80910
First of Michigan Corp., N. Y.	3.52364
Goldman, Sachs & Co., N. Y.	4.40455
Harriman, Ripley & Co., Inc., N.Y.	8.80910
Janney & Co., Phila.	4.40455
Kuhn, Loeb & Co., N. Y.	9.69001
Lee Higginson Corp., N. Y.	6.16637
Mellon Securities Corp., Pitts.	8.80910
Morgan Stanley & Co., N. Y.	11.45182

New Issue

$4,000,000

Detroit, Toledo and Ironton Railroad Company

Ten-Year Serial Notes

Dated October 1, 1941. Due $400,000 each October 1, from 1942 to 1951, inclusive.

The Notes mature and bear interest, respectively, as follows:

1942	0.50%	1947	2.50%
1943	1.00%	1948	2.75%
1944	1.50%	1949	3.00%
1945	1.90%	1950	3.25%
1946	2.20%	1951	3.50%

Price 100% and accrued interest

These Notes are offered, subject to prior sale, when, as and if issued and received by us and subject to the approval of the Interstate Commerce Commission and subject to the approval of all legal proceedings by counsel.

Harriman Ripley & Co.
Incorporated

Mellon Securities Corporation

October 3, 1941.

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern Standard Time as per rule 930(b).

Offerings will rarely be made before the day following.

SUNDAY, OCT. 12

UNITED STATES SUGAR CORP.

United States Sugar Corp registered with SEC 200,000 shares 6.4% Series A Cumulative Participating Convertible Preferred Stock, $25 par, and 562,500 shares common stock $1 par, latter reserved for issuance upon conversion of the preferred

Address—Clewiston, Fla.

Business—Principal business consists of the culture of sugar-cane in the Everglades of Florida and extraction of raw sugar therefrom in a sugar-house adjacent to Clewiston, Fla. Sugar is presently disposed of under the contract with Savannah Sugar Refining Corp.

Underwriter—None named

Offering—The preferred shares registered are to be offered for subscription to holders of outstanding common stock and $5 preferred stock of company, of record Nov. 10, 1941, or the tenth day after offering of the stock to stockholders, whichever is later, at a price of $25 per share, on following basis: one share new preferred for each 10 shares common, and 4 shares new preferred for each share outstanding $5 preferred stock. Subscription period comprises the ten days following the record date, but company may extend the expiration date to not later than Dec. 15, 1941. Unsubscribed portion of the 200,000 shares preferred stock may be offered at others by company, at $25 per share, in sole discretion of company

Proceeds will be used for plant additions an improvements, purchase of new machinery and equipment, for retirement of outstanding $5 preferred stock, and for working capital

Registration Statement No. 2-4847. Form A2. (9-23-41)

MONDAY, OCT. 13

LOUISVILLE GAS & ELECTRIC CO.

Louisville Gas & Electric Co. has registered with SEC 150,000 shares common stock, no par value.

Address—311 W. Chestnut St., Louisville, Ky.

Business—This operating utility subsidiary of Standard Gas & Electric Co. is engaged principally in the electric and gas business in Louisville, Ky., and vicinity.

Underwriters—To be named by amendment.

Offering—The 150,000 shares to be offered to the public, at price to be supplied by amendment.

Proceeds—Will be used to reimbuse in part company's treasury for funds expended for construction (approximately $7,000,000), none of which heretofore has been used by company as basis for issuance of stock or long-term debt. Remaining amount needed, for this undertaking will be obtained from sale of additional common stock; of the amount so needed, company has temporarily obtained $3,150,000 by bank loans.

Registration Statement No. 2-4848, Form A-2. (9-24-41).

TUESDAY, OCT. 14

JACOBS AIRCRAFT ENGINE CO.

Jacobs Aircraft Engine Co. registered with SEC 140,000 shares capital stock, $1 par.

Address—750 Queen St., Pottstown, Pa.

Business—Engaged in development, manufacture and sale of aircraft engines, manufacture and sale of spare parts therefor, and sale of engine accessories. Engines produced are seven cylinder, radial, air-cooled engines of two series, rated for take-offs at 245 and 330 horse power, respectively. Unfilled orders on July 31, 1941, exceeded $20,000,000.

Offering—To be offered to public, at price to be supplied by amendment. The shares registered are issued and outstanding and will be sold for the account of five selling stockholders.

Underwriter—Riter & Co., Philadelphia, is sole underwriter.

Proceeds—To the selling stockholders.

Registration Statement No. 2-4850. Form A-1. (9-25-41).

WESTINGHOUSE ELECTRIC & MANUFACTURING CO.

Westinghouse Electric & Manufacturing Co. registered with SEC 534,426 shares common stock, $50 par value, and Subscription Warrants evidencing rights in respect of such shares.

Address—306 Fourth Ave., Pittsburgh, Pa.

Business—Engaged, together with its subsidiaries, in manufacture and sale of machinery, apparatus and appliances for generation, transmission, utilization and control of electricity and in manufacture and sale of steam turbines and associated equipment.

Offering—The 534,426 shares will first be offered to outstanding preferred and common stockholders of company of record Oct. 15, 1941, for subscription at rate of one-fifth of a share for each share of preferred and common stock so held, at a price to be supplied by amendment. Rights expire Oct. 28, 1941.

Underwriters—Unsubscribed portion of such 534,426 shares are to be purchased by underwriters, at a price to be supplied by amendment. Underwriters may or may not, as they may determine, make one or more public or other offerings of such unsubscribed stock. All offerings of unsubscribed stock is to be made by the underwriters either at the market price then prevailing (NYSE), or at such other prices as Kuhn, Loeb & Co., representative of the underwriters, may determine. Underwriters, numbering 119, are as follows:

Kuhn, Loeb & Co., A. C. Allyn & Co., J. S. Bache & Co., Bacon, Whipple & Co., Baker, Watts & Co., Baker, Weeks & Harden, Banc Ohio Securities Co., Bear, Stearns & Co., A. G. Becker & Co., Biddle, Whelen & Co., Blair & Co., Inc., Blair, Bonner & Co., Blyth & Co., Inc., Bonbright & Co., Alex. Brown & Sons, H. M. Byllesby & Co., Inc.

Central Republic Co., Inc., Clark, Dodge & Co., E. W. Clark & Co., Courts & Co., Curtiss, House & Co., Paul H. Davis & Co., Dick & Merle-Smith, Dominick & Dominick, Drexel & Co., Eastman, Dillon & Co., Elkins, Morris & Co., Emanuel & Co., Eastbrook & Co., Equitable Securities Corp.

Farwell, Chapman & Co., Field, Richards & Co., The First Boston Corp., The First Cleveland Corp., First of Michigan Corp., Robert Garrett & Sons, Glore, Forgan & Co., Glover & MacGregor, Inc., Goldman, Sachs & Co., Graham, Parsons & Co., Grubbs, Scott & Co.

Hallgarten & Co., Harriman, Ripley & Co., Inc., Harris, Hall & Co. (Inc.), Hawley, Shepard & Co., Hayden, Miller & Co., Hayden, Stone & Co., Hemphill, Noyes & Co., J. J. B. Hilliard & Son, Hornblower & Weeks, W. E. Hutton & Co., The Illinois Co. of Chicago, Jackson & Curtis, Janney & Co.

Kalman & Co., Kean, Taylor & Co., Kidder, Peabody & Co., Knight, Dickinson & Co., Ladenburg, Thalmann & Co., Laird & Co., Laird, Bissell & Meeds, W. W. Lanahan & Co., W. C. Langley & Co., Lazard Freres & Co., Lee, Higginson Corp., Lehman Brothers, Adolph Lewisohn & Sons, Carl M. Loeb, Rhoades & Co.

Mackubin, Legg & Co., Laurence M. Marks & Co., Mason-Hagan, Inc., A. E. Masten & Co., McDonald-Coolidge & Co., Mellon Securities Corp., Merrill Lynch, Pierce, Fenner & Beane, Merrill, Turben & Co., The Milwaukee Co., Mitchum, Tully & Co., Moore, Leonard & Lynch, F. S. Moseley & Co., Maynard H. Murch & Co., G. M.-P. Murphy & Co., W. H. Newbold's Son & Co., Newhard, Cook & Co., Paine, Webber & Co., Arthur Perry & Co., R. W. Pressprich & Co., Putnam & Co.

Reinholdt & Gardner, Riter & Co., The Robinson-Humphrey Co., E. H. Rollins & Sons Inc., L. F. Rothschild & Co., Schoellkopf, Hutton & Pomeroy, Inc., Schroder Rockefeller & Co., Inc., Schwabacher & Co., Scott & Stringfellow, Shields & Co., Singer, Deane & Scribner, Smith, Barney & Co., Smith, Moore & Co., William R. Staats Co., Starkweather & Co., Stein Bros. & Boyce, Stern Brothers & Co., Stern, Wampler & Co., Inc., Stone & Webster & Blodget, Inc., Stroud & Co., Inc., Swiss American Corp., Spencer Trask & Co.

Tucker, Anthony & Co., Union Securities Corp., G. H. Walker & Co., Wells-Dickey Co., Wertheim & Co., White, Weld & Co., Whiting, Weeks & Stubbs, Inc., Dean Witter & Co., Yarnall & Co.

Proceeds—For payment outstanding bank loans, construction of plant additions, purchase of additional equipment, and for working capital.

Registration Statement No. 2-4849. Form A-2. (9-25-41).

THURSDAY, OCT. 16

AIR ASSOCIATES, INC.

Air Associates, Inc., registered with SEC 50,000 shares $1.37½ Cumulative Convertible Preferred Stock, no par; and maximum of 100,000 shares $1 par common stock, latter reserved for issuance upon conversion of the preferred.

Address—Bendix Airport, Bendix, N. J.

Business—Company is manufacturer and distributor of airplane parts, equipment, material, supplies and accessories.

Underwriter—White, Weld & Co., New York, is principal underwriter; others to be named by amendment. Underwriting commission is $2.25 per share.

Offering—Preferred stock to be offered to public, at price to be supplied by amendment.

Proceeds—$300,000 to prepay outstanding bank loans; $200,000 for purchase of additional machinery; balance for plant additions and working capital.

Registration Statement No. 2-4851. Form A-2. (9-27-41).

SATURDAY, OCT. 18

LEXINGTON TELEPONE CO.

Lexington Telephone Co. registered with SEC 8,000 shares 5.2% Cumulative Preferred Stock, $100 par.

Address—151 N. Upper St., Lexington, Ky.

Business—Provides telephone service to 5 communities and their environs in Fayette, Jessamine and Woodford Counties, Ky.

Underwriters, and number of share underwritten by each, are as follows: J. D. Van Hooser & Co., Inc., Lexington, Ky., 3,000; Security & Bond Co., Lexington, 2,250; Almstedt Bros., Louisville, 2,000; Bankers Bond Co., Inc., Louisville, 750.

Offering—To be offered to public, at price to be supplied by amendment.

Proceeds, plus treasury funds to extent necessary, will be used for redemption on Nov. 21, 1941, of company's 8,000 shares outstanding 6% cumulative preferred stock, at redemption price of $106 per share, or to repay funds temporarily borrowed for such purpose.

Registration Statement No. 2-4852. Form A-2. (9-29-41).

SUNDAY, OCT. 19

VICTOR CHEMICAL WORKS

Victor Chemical Works registered with the SEC 54,000 shares of capital stock, $5 par value.

Address—141 W. Jackson Blvd., Chicago, Ill.

Business — Manufacturers phosphorus, high grade phosphoric acid and phosphates for food, pharmaceutical and numerous technical purposes; also, various other chemicals & products, including ferro phosphorous, oxalic acid and formic acid.

Underwriter—F. Eberstadt & Co., Inc., New York, is sole underwriter.

Offering—Shares to be offered to public, at price to be supplied by amendment.

Proceeds to extent of $750,000 to pay in full outstanding serial bank loans; balance for working capital, expansion of manufacturing facilities.

Registration Statement No. 2-4853. Form A-2. (9-30-41).

ADEL PRECISION PRODUCTS CORP.

Adel Precision Products Corp. registered with the SEC 150,000 shares capital stock, 20 cents par value.

Address—10777 Vanowen St., Los Angeles, Cal.

Business—Business principally is the development, manufacture and sale of aircraft accessories and equipment, consisting of line supports, hydraulic equipment and other precision products, and synthetic rubber compound cushions and supports. Unfilled orders aggregated $2,000,000 on Sept. 15, 1941.

Underwriters are: Cavanaugh, Morgan & Co., Los Angeles; Lester & Co., Los Angeles; Van Grant & Co., Detroit, Mich.

Offering—The shares will be offered to the public at $3 per share; underwriting commission is 60 cents per share.

Proceeds will be used to pay off a part of the indebtedness of company, and to increase its working capital.

Registration Statement No. 2-4854 Form A2. (9-30-41 San Francisco)

SATURDAY, OCT. 25

MUTUAL TELEPHONE CO.

Mutual Telephone Co. registered with SEC 100,000 shares capital stock, $10 par.

Address—1128 Alakea St., Honolulu, Oahu, Territory of Hawaii.

Business—Company is an independent public utility furnishing telephone service on the Islands of Oahu, Hawaii, Maui, Kauai, and Malokai, Territory of Hawaii, radio telephone service between said Islands and certain ships at sea, and also wireless telegraph service between Oahu, Lanai, Hawaii, Maui and Malokai.

Underwriters—There is no underwriting in connection with this offering.

Offering—Company is offering the 100,000 shares for subscription at $10 per share to its stockholders of record Oct. 15, 1941, by offering one share for each 4 shares then held. Subscription offer expires Dec. 20, 1941. Full shares of such stock, representing fractional interests and also shares called for by warrant to be issued to stockholders, which are not exercised, will be sold at public auction in Honolulu to highest bidder therefor not later than Dec. 27, 1941, and proceeds from the auction sale in excess of $10 per share (after deduction expenses of auction) will be distributed pro rata to stockholders of record Oct. 15, 1941, whose fractional interests are disposed of and to holders of unexercised warrants.

Proceeds to prepay outstanding short term bank loans, additions to plant and equipment, working capital.

Registration Statement No. 2-4855. Form A2. (10-6-41)

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AIRPLANE MANUFACTURING & SUPPLY CORP.

Airplane Manufacturing & Supply Corp., registered with SEC 69,000 shares common stock, $1 par

Address—Lockheed Air Terminal, Burbank, Cal.

Business—Purchase, service and sale of airplane equipment

Underwriters—G. Brashears & Co., Los Angeles, Cal.

Offering—The number of shares to be offered by the underwriter consists of the 69,800 shares currently registered with SEC, and 16,433 shares previously registered with the SEC. Such aggregate of 86,233 shares are already issued and outstanding and are to be offered to public for account of certain selling shareholders, to be offered to public at arbitrary prices to be determined by underwriter from time to time with regard to existing circumstances. Such offering price will not exceed 125% not be less than 110% of the highest bid price during the day of sale. Underwriting commission on the 86,233 shares of 25 cents per share

Proceeds will accrue to the selling stockholders

Registration Statement No. 2-4807. Form A-1. Filed (7-31-41) (San Francisco)

Effective—3 p.m. E.S.T. Sept. 17 as of 4.45 p.m. Sept. 6, 1941

AMERICAN BAKERIES CO.

American Bakeries Co. registered 15,000 shares Class B no par common stock

Address—No. 520 Ten Pryor St. Bldg., Atlanta, Ga.

Business—Manufacturing and distributing bakery products in souther states

Underwriter—None named

Offering—Stock will be offered to public at price to be filed by amendment

Proceeds—All proceeds will be received by L. A. Cushman, Jr., chairman of board of company, for whose account the stock will be sold

Registration Statement No. 2-4714. Form A-2. (3-28-41)

AUTOMATIC TELEPHONE DIALER, INC.

Automatic Telephone Dialer, Inc. registered 75,000 shares of common stock, no par

Address—1201 East Grand Street, Elizabeth, N. J.

Business — Development of automatic telephone dialing devices

Underwriter—None. Stock will be sold through registered brokers and dealers

Calendar of New Security Flotations

Offering—Public offering price, $3 per share, underwriting commission 75 cents per share

Proceeds—For engineering and development expenses and working capital

Registration Statement No. 2-4752. Form A-1. (5-5-41)

Effective but apparently deficient 4:45 P.M., E.S.T., May 24, 1941

BEACON BUILDING CORPORATION

Beacon Building Corp., Lucius Teter, et al, voting trustees of Beacon Building Corp., registered with SEC voting trust certificates for 109,084 shares $1 par common stock of Beacon Building Corp., Chicago, Ill.

Address of Trustee—135 S. LaSalle St., Chicago, Ill.

Address of Beacon Building Corp.—38 S. Dearborn St., Chicago, Ill.

Business—Beacon Building Corp. owns and operates an apartment building in Chicago. All outstanding common stock of company held by First National Bank of Chicago, as agent for voting trustees under voting trust agreement dated June 16, 1931

Extension of Voting Trust—The 109,084 shares of common stock of Beacon Building Corp. are subject to a Voting Trust Agreement which expired June 16, 1941. It is proposed to extend the agreement to June 16, 1951, through issuance of Voting Trust Certificates, subject of registration statement

Registration Statement No. 2-4840 Form F-1. (9-13-41)

BEACON ASSOCIATES, INC.

Beacon Associates, Inc. registered SEC $500,000 6% Participating Sinking Fund Debentures, due July 1, 1971

Beacon Associates, Inc. interest rate on $500,000 Participating Sinking Fund Series A Debentures, due July 1, 1971, changed from 6% to 6½% per annum, according to amendment filed with SEC July 21, 1941

Address—216 Turks Head Bldg., Providence, R. I.

Business—Engaged in the small loan business in Rhode Island and Massachusetts

Offering—The Debentures will be offered to the public at 100 by F. L. Putnam & Co., Inc., Boston; underwriting commission is 15%, leaving net price to company of 85

Underwriter—F. L. Putnam & Co., Inc., Boston

Proceeds—Will be advanced to subsidiary for their working capital or will be used for payment of debt incurred on providing funds for advances to subsidiaries

Registration Statement No. 2-4790. Form A-2. (6-27-41)

Effective—3:00 P.M. E.S.T., August 22, as of July 17, 1941

BEAR MINING AND MILLNG COMPANY

Bear Mining and Milling Co. registered 153,145 shares of common stock, $1 par

Address — 513 Majestic Bldg., Denver, Colo.

Business—Mining and milling

Underwriter—None

Offering—Stock will be offered publicly at $1 per share, selling commission, 35%

Proceeds — For development equipment and operation mining property near Breckenridge, Colo.

Registration Statement No. 2-4571. Form A-1. (11-12-40)

BLACK HILLS POWER & LIGHT CO.

Black Hill Power & Light Co. registered with SEC $2,115,000 First Mortgage Bonds, Series A, due 1971; 9,400 shares 5% cumulative preferred stock, $100 par; and 100,000 shares common stock, $1 par

Address—Rapid City, S. D.

Business—Incorporated in South Dakota on Aug. 27, 1941, for purpose of continuing business and operations of the Dakota Properties of General Public Utilities, Inc., and the business and operations of the Dakota Power Properties of the Dakota Power Co. Engaged in generation, transmission, distribution and sale of electricity, in 12 communities in western South Dakota, and various unincorporated communities and rural areas.

Offering—The bonds are to be sold to Dillon, Read & Co. at 103¼ and in turn will be resold by latter to Equitable Life Assurance Society of the U. S. at 103¾. The preferred stock and an undetermined number of shares of common stock are to be issued to General Public Utilities, Inc., in part payment for the so-called Dakota Power Properties to be acquired from that company and Dakota Power Co. The remaining shares of common stock, as well as the preferred and common stock to be received by General Public Utilities, Inc., will be offered to the public

Proceeds—To company from sale of the bonds and common stock will be used to pay General Public Utilities, Inc., and Dakota Power Co. the balance of the consideration for the properties to be acquired. Balance of net proceeds will be added to working capital.

Registration Statement No. 2-4832. Form A-2. (9-6-41)

BONWIT TELLER, INC.

Bonwit Teller, Inc. registered 39,334 shares of 5½% cumulative convertible preferred stock, $50 par, and 131,202 shares of common stock, $1 par

Address—721 Fifth Avenue, New York City

Business—Operation of specialty store in New York City

Underwriters—To be filed by amendment

Offering Terms — Preferred and common will be publicly offered at prices to be filed by amendment, except that 106,202 common shares will be reserved for conversion of preferred

Proceeds—Stock will be sold by Atlas Corp. and the American Co., parents, and no proceeds will be received by the company

Registration Statement No. 2-4748. Form A-2. (4-30-41)

BULLION, INC.

Bullion, Inc., registered 110,000 shares of $1 par 8% non-cumulative preferred stock and 110,000 shares of common stock, ten cent par

Address—1st Nat'l Bank Bldg., Deadwood, South Dakota

Business—Gold mining

Underwriter—None

Offering—Preferred will be offered at $1 per share, and common at 10 cents per share

Proceeds—For development of mining properties, purchase of machinery and equipment, and working capital

Registration Statement No. 2-4763. Form A-O-1 (5-20-41)

Effective—4:45 P.M., E.S.T. on Sept. 23, 1941 as of 4:45 P.M., E.S.T., Aug. 10, 1941.

COLUMBIA GAS & ELECTRIC CORP.

Columbia Gas & Electric Corp. registered $28,000,000 serial debentures, due 1942 to 1951; and $92,000,000 sinking fund debentures due 1961

Address—61 Broadway, N. Y. C.

Business—Public utility holding company

Offering—Both issues will be publicly offered at prices to filed by amendment

Proceeds—To redeem $50,000,000 Deb 5s, 1952; $4,750,700 Deb. 5s, due April 15, 1952; $50,000,000 Deb. 5s, 1961; to purchase $3,750,000 4% guaranteed serial notes due 1942-46 of Ohio Fuel Gas Co., a subsidiary, and $3,750,000 guaranteed serial notes of United Fuel Gas Co., a subsidiary, from the holders thereof; and to make a $3,402,090 capital contribution to Cinn., Newport & Covington Ry Co. to enable that Company to redeem its outstanding $3,303,000 1st & Ref. 6s, 1947

Registration Statement No. 2-4736. Form A-2. (4-10-41)

COMPOSITE BOND FUND, INC.

Composite Bond Fund, Inc., registered with SEC 32,500 shares $1 par common stock.

Address—601 Riverside Ave., Spokane, Wash.

Business — Open-end investment trust, limited to investments in bonds.

Underwriting—Murphey, Favre & Co., Spokane, Wash., is underwriter and distributor, purchasing said shares at the net asset value then in effect for distribution to public at such net asset value plus 8½%.

Offering—To be offered to the public at the then prevailing market price.

Proceeds—Will be used for investment purposes.

Registration Statement No. 2-4825 Form A-1. (8-28-41)

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956; and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami, Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas), serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement

Proceeds will be applied as follows: $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment

Registration Statement No. 2-4845. Form A2. (9-17-41)

GULF POWER COMPANY

Gulf Power Co. registered with SEC $5,600,000 First Mortgage Bonds, due Sept. 1, 1971. Interest rate will be supplied by amendment

Address—8-10 N. Palafox St., Pensacola, Fla.

Business — An operating subsidiary of Commonwealth & Southern Corp., engaged in northwestern portion of Florida in purchase and sale of electricity and gas

Offering and Underwriting — The bonds will be sold to public at price to be supplied by amendment. Bonds will be sold under competitive bidding rule of SEC Names of underwriters by amendment

Proceeds—From sale of the bonds, together with $250,000 in cash to be received from Commonwealth & Southern Corp., will be applied as follows: redemption at 103½ of $2,500,000 5% First and Refunding Mortgage bonds, due 1968; redemption of so much of the $3,100,000 of 4% First and Refunding Mortgage bonds as may have been issued to the RFC; and balance to be used for additions and improvements to company's electric utility plant.

Registration Statement No. 2-4833. Form A-2. (9-8-41)

Effective—4:45 P.M., E.S.T., Sept. 22, 1941.

Declaration Effective—The SEC on Sept. 22 permitted to become effective declarations filed by company regarding the proposed financing

Bids—for the sale of the bonds will be received at office of Commonwealth & Southern Corp. (parent), 20 Pine St., N. Y. City, before 11 a.m. E.S.T. Oct. 7, 1941. Coupon rate is to be specified by bidders in multiples of ⅛%, but not exceeding 3½%

HOUSTON LIGHTING & POWER CO.

Houston Lighting & Power Co. registered with SEC an indeterminate number of shares of its common stock, no par. (Company has outstanding 500,000 shares of common stock, of which 499,987 shares are held by its parent National Power & Light Co., which latter company also holds options to purchase the remaining 13 shares of outstanding common stock of company).

Address—900 Fannin St., Houston, Tex.

Business—Company is an operating public utility company principally engaged in generating, transmitting, distributing and selling electricity at retail and wholesale, serving 150 communities and an extensive rural area in Texas, including cities of Houston and Galveston.

Underwriter—None.

Offering — No public offering contemplated initially. Company is advised by National Power & Light, that that company has filed with SEC a declaration under the Holding Company Act contemplating, initially, the exchange of common stock of company which National Power & Light owns, for the $6 preferred stock of National Power & Light Co. and also contemplating that if, upon termination of such proposed exchange plan, National Power & Light still holds as much as 5% of common stock of company, it will dispose of such holdings as promptly as shall be practicable in light of then market and other conditions and with the best interests of its security holders in mind. After such disposition, company will have ceased to be either a subsidiary or an affiliate of National Power & Light Co. or Electric Bond & Share Co.

Registration Statement No. 2-4827 Form A-2. (8-29-41)

INTERNATIONAL PAPER COMPANY

International Paper Co., registered with SEC 1,387,748 23/40 shares of common stock, $15 par value

Address—220 E. 42nd St., New York, N. Y.

Business—After the filing of registration statement, but prior to the time when it becomes effective, International Paper Co. will acquire all of the assets of International Paper & Power Co., including over 99% of the stock of International Paper Co. (New York, formed in 1898) in exchange for stocks, warrants and warrant scrip of company and assumption by company of all liabilities of International Paper & Power Co. After this acquisition of assets, a plan of consolidation of said International Paper Co. into the company will be presented for approval of Board of Directors and stockholders of said International Paper Co. and the company. Company was formed in New York on June 23, 1941. Principal operations of company and subsidiaries are conducted in the U. S., where they are engaged primarily in manufacture and sale of kraft paper and board (bleached and unbleached), groundwood specialty paper, book and bond papers, jute boards, corrugated containers, bags and allied products. Company also has substantial investments in Canadian subsidiaries

Underwriter—No commitment to take the shares registered has been made

Offering—1,347,748 23/40 shares are to be issued upon exercise of outstanding Common Stock Purchase Warrants, entitling each holder thereof to purchase one share common stock at $25 per share, expiring Sept. 26, 1942. Remaining 40,000 shares to be issued upon exercise of outstanding option held by Calvin A. Agar, entitling him to purchase such 40,000 shares at price of $15 per share, expiring Dec. 31, 1945

Proceeds — For general corporate purposes

Registration Statement No. 2-4838. Form A-2. (9-12-41)

KENSINGTON MINES, INC.

Kensington Mines, Inc. has filed a registration statement covering 565,000 shares of $1 par 6 per cent cumulative preferred stock and the same number of shares of 1 cent par common 35,000 shares of $1 par 6 per cent cumulative preferred shares previously sold to promoters at $1 and 1,320,000 shares of 1 cent common previously sold to promoters at 2.65 cents a share

Address—Seattle, Washington

Business—Mining and Milling

Proceeds — For property, construction, development and working capital

Underwriters—Kressly and Campbell

Registration Statement No. 2-4697. Form A-1. (3-21-41)

Effective—4:45 P.M., E.S.T., April 9, 1941

KIRKLAND GOLD RAND, LTD

Kirkland Gold Rand, Ltd., registered with SEC, under refiling, 500,000 shares common stock $1 par

Address—360 St. James St., West, Montreal, Quebec, Canada

Business—Engaged in development, acquiring, holding, selling and operating gold, silver and other mineral mines. Company is still in the development stage

Underwriters—To be named by amendment

Offering—Above shares to be offered to public at $1.25 per share; underwriting commission is 43¾ cents per share

Proceeds—For development, purchase of equipment and working capital

Registration Statement No. 2-4727. Form A-1. Refiled (6-16-41)

LA CROSSE TELEPHONE CORP.

La Crosse Telephone Corp. registered 32,080 shares of common stock, $10 par

Address—La Crosse, Wisconsin

Business—Telephone service to La Crosse, Wis.

Underwriter—Alex. Brown & Sons

Offering—All stock registered will be publicly offered at price to be filed by amendment, except that 2,406 shares will be sold to Central Electric & Telephone Co.

Proceeds—Stock registered is owned by parent company, Middle Western Telephone Co., which will donate a portion to La Crosse Telephone Corp. and latter will use proceeds to retire outstanding preferred stock

Registration Statement No. 2-4717. Form A-2. (3-29-41)

McDONNELL AIRCRAFT CORP.

McDonnell Aircraft Corp. registered with SEC 6,453⅙ shares 6% Non-Cumulative Convertible Preferred Stock, $100 par, and 129,063⅓ shares common stock, $1 par

Address — Lambert-St. Louis Municipal Airport, Robertson, Mo.

Business—Engaged in designing and developing aircraft and of manufacturing and selling parts for aircraft; expects presently to engage in business of manufacturing, testing and selling aircraft

Underwriting—None. Securities to be offered by company

Offering—Of the shares registered, the 6,453⅙ shares of preferred and 64,531⅔ shares of common, will be offered to public in units each unit consisting of one share of preferred and 10 shares of common stock, at price of $140 per unit. Remaining 64,531⅔ shares common reserved for issuance on conversion of the preferred

Proceeds for working capital, purchase of tools, machinery and equipment.

Registration Statement No. 2-4844. Form A-1. (9-17-41)

MISSISSIPPI POWER COMPANY

Mississippi Power Co. registered with SEC $8,927,000 First Mortgage Bonds, due Sept. 1, 1971. Interest rate to be supplied by amendment

Address—2500 14th St., Gulfport, Miss.

Business—A subsidiary of Commonwealth & Southern Corp. this company is engaged within the southeastern portion of Mississippi, in the generation, purchase, distribution and sale of electricity at retail in 135 communities, rural areas, and sale at wholesale of electricity to 6 rural cooperative associations

Offering and Underwriting—The bonds will be offered to the public at a price to be supplied by amendment. The bonds will be sold under the SEC's competitive bidding rule, with underwriters to be supplied by amendment

Proceeds—From sale of the bonds, together with $250,000 in cash to be received from Commonwealth & Southern Corp., parent company, will be used (a) to redeem $6,177,500 of 1st & Ref. Mtge. 5s, 1955, at 103½ and accrued interest, (b) redemption of so much of the $2,750,000 of 1st & Ref. Mtge. 4s of 1951 as may have been issued to the RFC, at 100 and accrued interest, and (c) to construction of additions and improvements to company's electric plant.

Registration Statement No. 2-4834. Form A-2. (9-8-41)

Effective—2:30 P.M., E.S.T., Sept. 23, 1941.

Declaration Effective—The S.E.C. on Sept. 25 permitted to become effective declaration filed by company regarding the proposed financing. Bids for the sale of the bonds will be received up to 11 A.M. on Oct. 14 at office of Commonwealth & Southern Corp., (parent) 20 Pine St., N. Y. City. Coupon rate is to be specified by bidder in multiples of ⅛%, but not exceeding 3½%.

MOORE-McCORMACK LINES, INC.

Moore-McCormack Lines, Inc. registered 30,000 shares of $5 cumulative convertible preferred stock, $100 par, and 235,000 shares of common, $1 par

Address—5 Broadway, New York City

Business—Operation of vessels in South American trade

Underwriters—E. H. Rollins & Sons Incorporated and Schroder Rockefeller & Co., Inc.

Offering—The preferred and 85,000 common shares will be offered publicly at prices to be filed by amendment. 150,000 common shares will be reserved for conversion of the preferred

The proposed offering will represent about 17% of the outstanding common stock of Moore-McCormack Lines and approximately 55% of preferred stock. Albert V. Moore, president, and Emmet J McCormack, vice president and treasurer—officers and directors associated with the company since its incorporation in 1927, retain together about 72% of the common stock, or 36% each. On Dec 31, 1940, they sold to Kuhn, Loeb & Co., Beavan Corp. and Schroder Rockefeller & Co., Inc., 30,000 shares of $5 no par preferred stock and 2,150 shares of no par common which have since been converted into 30,000 shares of $100 par preferred and 107,500 shares of $1 par common. It is understood that Kuhn, Loeb & Co. are retaining 22,500 of such common shares as an investment

Proceeds—None of the proceeds will be received by the company

Registration Statement No. 2-4715. Form A-2 (3-29-41)

NORTHERN NATURAL GAS CO.

Northern Natural Gas Co. registered 710,500 shares of common stock, $20 par

Address — Aquila Court Bldg., Omaha, Nebraska

Business—Production and transmission of natural gas

Underwriter—Blyth & Co., and others to be named by amendment

Offering—Stock will be publicly offered at price to be filed by amendment

Proceeds—All proceeds will be received by selling stockholders, United Light & Railways Co., and North American Light and Power Co.

Registration Statement No. 2-4741. Form A-2. (4-21-41)

Northern Natural Gas Co. filed an amendment to its registration statement of shares of its $20 par value common stock proposed to be offered to the public has been reduced from 710,500 shares to 355,250 shares. According to the amendment, such 355,250 shares are those that are presently owned, and outstanding, by North American Light & Power Co., and are to be offered to public for the account of American Light & Power Co.

The 355,250 additional shares orginally registered with the SEC on April 21, 1941, for public offering, and withdrawn from registration were subsequently registered and became effective. These shares constituted the stock outstanding and owned by United Light & Railways Co., a subsidiary of United Light & Power Co.

PARQUAY OPERATING, INC.

Parquay Operating Inc., registered with SEC 55,850 shares common stock, 50 cents par value

Address—512 E. Central Ave., Albuquerque, N.M.

Business—Engaged in development and operation of a chain of retail food stores, store buildings and controlled parking built or to be built under Revolving Top Building and Parking Control Patent Franchises owned by company in Roswell, N.M. Later, it was decided to expand operations to include 11 additional stores located in 9 cities in New Mexico, including 3 in Albuquerque

Underwriting—No underwriters. The stock will be sold by company's agents under direction of its executive vice-president

Offering—The shares will be offered to public at following prices per share for each successive block of 11,170 shares each: $13.50, $15, $16.50, $18 and $19.50 per share.

Proceeds will be used to purchase 11 grocery stores to be located in 9 communities in New Mexico

Registration Statement No. 2-4842. Form A1. (9-16-41)

PARQUAY ROYALTY CO.

Parquay Royalty Co. registered with SEC 9,091 shares common stock, 25 cents par value

Address—512 E Central Ave., Albuquerque, N.M.

Business—Company owns one grocery store built under Revolving Top Building Patent which is leased for period of 10 years from Nov. 20, 1937. Company intends to build grocery store buildings under that patent and controlled parking patents for Parquay Operating, Inc., and for other operating companies throughout New Mexico, Arizona, Utah, Nevada and Cal.

Underwriting—No underwriting. Shares to be sold by company's agents under direction of its executive vice-president

Offering—Shares to be offered at following prices for following blocks: $30 per share for first block of 1,117 shares; $32.50, $35, $37.50 and $40 per share for each of next successive blocks of 1,117 shares each; and $50 per share for last block of 3,506 shares

Proceeds to finance purchase of construction, equipment and construction of grocery stores, finance a purchasing department including warehouses, etc.

Registration Statement No. 2-4841. Form A1. (9-16-41)

PUEBLO MINING COMPANY

Pueblo Mining Co. registered with SEC 1,500,000 shares 1 Cent Par Value Assessable Common Stock

Address—Spokane, Wash.

Business—Mining

Underwriter—No underwriter named.

Offering—To be offered to public at 2 cents per share

Proceeds—Will be used for development, purchase of equipment, building, and working capital

Registration Statement No. 2-4829. Form AO-1. (9-3-41) (San Francisco)

SHAWNEE CHILES SYNDICATE

Shawnee Chiles Syndicate registered 9,970 shares of common stock, $10 par

Address — 320 Denham Bldg., Denver, Colo.

Business—Development of oil and gas properties

Underwriter—None

Offering—4,985 shares are to be presently offered at $10 per share, and balance will be held reserved for options given to purchasers of the 4,985 shares, for purchase of additional shares at $10 per share

Proceeds—For drilling and development of oil and gas properties

Registration Statement No. 2-4753. Form A-1. (5-5-41)

Effective but apparently deficient 4:45 P.M., E.S.T., May 24, 1941

Stop Order—Issued Sept. 18, 1941 on grounds of untrue and insufficient statements of fact

SOUTHEASTERN INDIANA POWER CO.

Southeastern Indiana Power Co. registered with SEC 2,000 shares 6% cumulative preferred stock, $100 par

Address—Rushville, Ind.

Business—A public utility company engaged in transmitting, distributing and selling electricity in southeastern Indiana

Offering — The preferred stock will be offered to public at a price to be supplied by amendment

Underwriter—Central Republic Co., Inc., Chicago, is sole underwriter

Proceeds—From sale of the 2,000 shares preferred stock, together with aggregate of $1,152,280 to be received by company from sale of other securities ($650,000 4% first mortgage bonds to an insurance company, $350,000 Serial Guaranteed Debentures to a bank and an insurance company, and 12,500 shares $10 par common stock) are to be applied by company to acquire all the outstanding capital stock and funded indebtedness of Hoosier Public Utility Co. and for other corporate purposes

Registration Statement No. 2-4830. Form A-2. (9-6-41)

SOUTHERN ACCEPTANCES, INC.

Southern Acceptances, Inc. registered 150 shares $50 dividend Preferred stock, no par, 20 shares Class A $60 dividend common stock, no par; and 30 shares Class B common stock, no par

Address—26 Wall St., Orlando, Fla.
Business—Discounting installment notes and making small loans
Underwriter—Leedy, Wheeler & Co., Orlando, Fla.
Offering—Preferred and Class A will be publicly offered at $1,000 per share Class B common at $1,100 per share Underwriting commission $50 on preferred and Class A, and $55 on Class B
Proceeds—To repay bank loans, and for working capital
Registration Statement No. 2-4579. Form A-2. (11-12-40)
Effective—Dec. 4, 1940

TEXAMERICA OIL CORP.
Texamerica Oil Corp. registered with SEC 119,891 shares common stock, $2 par.
Address — Milam Bldg., San Antonio, Tex.
Business—Engaged in production and marketing of crude oil, acquire mineral leasehold interests in producing or proven oil properties in Texas, drilling of oil wells thereon, acquire royalty interests in proven and developed oil properties.
Underwriter—Willard York Co., San Antonio, Tex., has agreed to purchase 44,750 shares at $1.75 per share and 74,157 shares at $2, from company.
Offering—118,907 shares to be offered to public at $2.375 per share; remaining 984 shares registered constitute shares issued July 1, 1941, by company, as dividends.
Proceeds—Will be used to pay outstanding mortgage indebtedness ($200,000), and remaining $26,626 will be added to working capital
Registration Statement No. 2-4824 Form A-1. (8-27-41)

TOMASINI BRIDGE REVENUE BONDS
T. A. Tomasini, an individual, registered with SEC $20,000,000 of 3% Tomasini Bridge Revenue Bonds, due Aug. 1, 1970
Address—25 California St., San Francisco, Cal.
Business—Holds a franchise to build, maintain and operate a tube and toll bridge across San Francisco Bay from Alameda County, near Point Fleming, to Marin County near Bluff Point, both in California. The Obligor—**T. A. Tomasini**—also has secured necessary approval of plans, permits and authority to construct the bridge from War Department of the United States, and proposes to proceed with construction of the project. Project expected to be completed by June 27, 1944
Underwriting and Offering—The Obligor proposes to advertise for bids for all or part of the bonds by inserting a notice to that effect in one or more newspapers of general circulation in the city and county of San Francisco, and in New York City. There will be no underwriting
Proceeds will be used to construct, operate and maintain the tube and toll bridge
Registration Statement No. 2-4815. Form A-1. (8-15-41)

TRAILER COMPANY OF AMERICA
Trailer Co. of America registered with SEC 4,547 shares 7% cumulative preferred stock, $100 par, and 81,095 shares common stock, no par
Address—31st & Robertson Aves., Cincinnati, O.
Business—Manufacture, assembly, dis- with the SEC, disclosing that the number tribution and sale of commercial trailers and semi-trailers, trailer bodies parts and equipment, truck bodies and cabs for tractors and trucks
Underwriters—None
Offering—The above shares to be offered by company to all its stockholders at price of $100 per share of 7% preferred and $8 per share for common, through rights, at rate of 2½% shares of 7% preferred and 5 shares of common stock for each share of 7% preferred stock held, and at rate of one share of common stock for each share of common stock held. Subscription rights evidenced by Warrants will expire on the thirtieth day after date of issue. Unsubscribed portion of the shares will be offered for sale, at same prices, to all stockholders. Any unsold shares then may be sold at same prices to general public
Proceeds—For plant extension, retirement certain bank loans, and for working capital
Registration Statement No. 2-4803. Form A-2. (7-29-41) (Cleveland)
Effective—Sept. 13 at 1:15 P.M., E.S.T. as of 4.45 p.m. E.S.T. Sept. 17, 1941

UNION LIGHT, HEAT AND POWER COMPANY
Union Light, Heat and Power Co. registered 25,000 shares $100 par common stock
Address—4th & Main St., Cincinnati, Ohio
Business — Operating electric utility company
Underwriter — Columbia Gas & Electric Corp.
Offering—Stockholders will receive offer to subscribe to 25/94ths of one common share in units of 5/94ths of a share for each 5/94ths of a share held at $5.32 for each unit. On a share basis, stockholders may subscribe to 5 new shares for each share held at $100.016 per share. Substantially all outstanding stock is held by Columbia Gas & Electric Corp.
Proceeds—To repay current debt and $2,835,000 first mortgage bonds held by parent and associated companies, and for construction costs
Registration Statement No. 2-4379. Form A-2. (3-30-40)

UNITED WHOLESALE DRUGGISTS OF PITTSBURGH, INC.
United Wholesale Druggists of Pittsburgh, Inc., registered with the SEC 4,000 shares no par common stock
Address—6543 Penn Ave., Pittsburgh, Pa.
Business—Incorporated in Delaware on April 28, 1941, to engage in business of selling drug store merchandise
Underwriting—None
Offering—The 4,000 shares of common stock will be sold by the company direct to (exclusively) retail druggists, at $50 per share
Proceeds—Will be used for purchase of equipment, and for working capital
Registration Statement No. 2-4818 Form A-2. (8-22-41)

VIRGINIA LAND CO.
Virginia Land Co. registered warranty deeds representing interests in oil and gas lands in the Everglades, Florida, about 50 miles west of Miami
Address—Theatre Building, Coral Gables, Dade County, Florida
Underwriters—None
Offering—Interests will be sold to the public at prices from $20 per acre up to $150 per acre
Proceeds — For development of lands, purchase of equipment, and working capital
Registration Statement No. 2-4767. Form S-10 (5-23-41)
Effective—Under notice of deficiency 4:45 P.M., E.S.T., Sept. 21, 1941.

WHITWORTH APARTMENT, INC.
Whitworth Apartment, Inc., registered with SEC 5,950 shares common stock, 25 cents par $74,375 First Mortgage 5% bonds, due Sept. 1, 1951; and $74,375 Second Mortgage Income Bonds. 6% Non-Cumulative Interest, due Sept. 1, 1961
Address—311 Securities Bldg., Seattle, Wash.
Business—Incorporated on July 3, 1941 to acquire title to Whitworth Apartment, Seattle, Wash., and to own and operate said apartment
Underwriters—None
Offering—All of the securities registered will be offered under a Plan of Reorganization, to holders of 148,750 undivided fractional shares, latter represented by Certificates of Interest. Latter may be surrendered under the plan through Seattle-First National Bank, Seattle Wash. Owner of each 25/148,750 fractional share will receive: (a) $12.50 par value of first mortgage bonds, $12.50 par value of second mortgage income bonds, and one share of capital stock of the new company
Registration Statement No. 2-4811. Form E-1. (8-8-41) (San Francisco, Cal.)

WILLIAMS HYDRAULICS, INC.
Williams Hydraulics, Inc. registered 1,000,000 shares $5 par Class A common stock
Address—Alameda, Cal.
Business—Deep-sea dredging and manufacture of equipment therefor
Underwriters — Brown Hartwell Company
Offering—Public offering price, $5 per share, underwriting commission, $1 per share
Proceeds—Purchase of plant and equipment; purchase of seagoing vessel; equipment, and working capital
Registration Statement No. 2-4133. Form A-1. (7-19-39)
Effective—May 29 as of April 18, 1940

Our Reporter's Report

(Continued from First Page)

SEC on Auction Sales

Members of the Securities and Exchange Commission, taking a Washington Correspondent to task for his treatment of certain aspects of the American Telephone & Telegraph Company's recent financing, left little or no doubt that the outcome of that particular operation was satisfactory to the Federal Agency.

Messrs. E. C. Eicher, Chairman, and Sumner T. Pike, Robert E. Healy and Ganson Pursell declared in part "we fail to find anything unjust or undemocratic in a situation which permits a seller to seek the highest bid for his goods at arms-length bargaining, or which permits free competition between those who wish to buy the goods.

"The crux of the situation seems to be," they said, "that the enormous investment demands for high-grade bond issues by the huge life insurance companies have created a seller's market for those issues which issuers cannot afford to overlook. The insurance companies must invest in the increasingly limited number of securities in which they are permitted to place their funds at the best prices they can get, but, above all, in the interest of their policyholders, they must invest."

The Commissioners did not touch on the element of concentration of obligations of corporations among a few insurance companies, although competitive bidding was invoked, among other reasons, as a means of assuring wider distribution of such securities.

Price Ideas Vary Widely

Wide variation still appears the rule among investment groups seeking out new issues in competition with each other. This was evident again on Tuesday when nine separate bids were entered for the $5,600,000 30-year first mortgage bonds offered by the Gulf Power Company.

A differential of 7 points separated the highest bid from the lowest, allowing for the difference in the price offered and the coupon rate set.

As one wag in dealer circles put it, "the boys have got to learn how to price things all over again." Just now he sees it as a possible race to see "who can pay through the nose the hardest" on those issues which the insurance companies don't grab up.

Buyer Had Issue Well Sold

From all indications the successful bidder for the Gulf States Power issue knew pretty well what he was about. Doubtless, there had been sounding out of institutional buyers to learn about what they would pay for the bonds and the syndicate made its bid accordingly.

Soon after the bonds were awarded the bankers announced that $3,000,000 had been placed with one institution on a 3 per cent yield basis, or at a price of 102.4562. The balance was opened to public subscription at 103.

Meanwhile dealers reported that institutions remain decidedly choosey in their buying and show a distinct disposition to hold aloof pending the Treasury's announcement of details of its financing, due today, and more light on the latest phase of the struggle in Russia.

Business Vs. Baseball

The World Series fever which gripped New York City and its environs recently was by no means limited to that area, judging by the experience of people who contact institutional buyers in the mid-west and as far away as Des Moines, Iowa.

Quite to the contrary, it develops that the grip of baseball on the nation's populace was such that interest in the classic all but submerged business temporarily.

Several dealers reported that upon contacting their established clients in such distant points as that mentioned above by telephone, they scarcely received an opportunity to state their business. In one instance the fellow on the other end of the wire, buyer for a large insurance company, brushed aside the bond man's sales talk until he had been told how the "Bums" were doing.

N. Y. Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

Transfer of the Exchange membership of Robert P. Gibb to Walker Hill, Jr., will be considered on October 13th, 1941. Mr. Hill is a partner in Hill Brothers, St. Louis, which would then become an Exchange member firm.

Transfer of the Exchange membership of Arthur F. Thurnauer to Walter H. Baumer will be considered on October 16th. Mr. Baumer is a partner in Erickson Perkins & Co., Rochester, N. Y., formerly a Stock Exchange member firm, whose Exchange membership ceased with the death of Erickson Perkins.

Howard A. Plummer, general partner in Evans, Stillman & Co., New York City, became a limited partner, effective October 1, 1941.

Wesley M. Oler, Exchange member retired from partnership in Pershing & Co., New York City, on September 30, 1941.

Interest of Edward L. Hicks, Jr., deceased, in Hicks & Price, Chicago, Ill., ceased September 9, 1941.

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UP-TOWN AFTER 3

NEW MOVIES

"One Foot in Heaven" (Warner) Stars Frederic March and Martha Scott. Directed by Irving Rapper. Rating "AAA."

In translating Hartzell Spence's best seller to the screen, Warner comes up with a picture that is a candidate for the famed Academy award. There's nothing fancy about the story. It's a simple portrayal of a Methodist preacher who gives up the study of medicine to preach the gospel. His wife, a daughter from a wealthy Canadian family, joins him in his travels from one poor parish to another. They raise a family and finally find themselves in Denver where the minister runs afoul the wealthy congregation which resents his interference in established affairs. There is a lack of the usual excitement and action but the lack is never noticed except in retrospect. For the picture's down to earth realism, it's human interest and grand acting more than makes up for it.

"Smilin' Through (MGM) Jeanette Macdonald, Brian Aherne, Gene Raymond, Ian Hunter. Directed by Frank Borzage. Rating "BA."

The only kind thing that can be said for this is that the photography (all technicolor) is magnificient but so far as the story itself is concerned, well, it will probably appeal to women. It's a yarn of the idyllic romance that is shattered by a bullet from a spurned suitor. The groom heart broken lives only in the past but is persuaded to take in a niece who has just lost her parents. The niece grows up and meets a young man. They fall in love. The young man turns out to be the son of the spurned suitor so uncle insists that romance be nipped in bud. You know the rest. They see each other anyway, uncle finally forgives and everything is sugar and honey. The whole thing is cloyingly sweet and drippy with tears and romance.

RESTAURANTS

Barogue (14 E. 53d) is still the pleasant place we found it on our last visit, with food and service everything one could possibly want The ony drawback is the size of the room and crowds that are aways waiting for tables After seeing people wait for what seems hours we wondered if a larger room would help. But be that as it may Joseph's and Frank's little place is a restaurant to come to again and again.

ABOUT THE TOWN

Last week we got a wire ". . . cordially invited . . . cocktails . . . Colony. Signed **James McKinley Bryant.** Followed by phone calls from **Johnny Garvis** ". . . to be sure to be there. Everybody would be there." Well, it looked like the rush hour at Times Square. It seemed that anybody who wasn't too crippled to lift a glass and could do it for free, was there. Occasion was first edition of Jimmy Bryant's "Cafe Society Register," a book that is as exclusive as the Manhattan phone directory. It lists the names, addresses and phone numbers (unlisted one's too) of the New York bar room set. . . . Everybody who came in made a bee line for book to see if their name was spelled right (our name wasn't—it wasn't even there! We are that exclusive). **Artist Michael Werboff** (paintings hang in Museum of Art, The Louvre, British Museum) came in with a lovely girl and 10 minutes later he lost her. **Lou Nova** wearing an eye all puffed up with bluish pride getting his picture taken every five seconds. **Gene Gaverello** (Colony owner) running around worrying about getting the mob out so his own patrons would have a place to sit. Every press agent in town here sopping up the "cuff" cocktails. That young "producer" sitting in corner with **Carole Landis** is the former page at the Stork Club and Cafe Pierre, Bobby Gravis. **Frances Mercer** of the stage and screen looking as lovely as ever telling everybody about here new opening at the Versailles. **Jimmy Bryant** beaming at it all and greeting everybody with "How nice of you to come." **Patricia Garfield** nee Jones managed to parlay a night in the local clink (for socking a cop) into a movie contract, saying "how chawming!" to everybody. Columnists greeting each other (an unusual sight: As a rule they're afraid to speak to each other. They might let an "item" get out) with "wadda ya know!" . . .

At the **Promethus Fountain in Radio City—Bob Hope** and **Ray Bolger** watching the penguins. . . . Ray urges Bob to throw them a piece of fish. Bob replies: "I would if I had last night's script with me." . . . **Mori's** in Long Island. **Edna Ferber** and **George Kaufman** absorbed in a piece of paper. When asked if it's a new play, Edna replies: "You bet-our afternoon's play at Belmont, and what a bust! . . . **At Bedford Inn** where **Tommy Manville** dines solo and when **Laddie Sanford** walks over to say hello, Tommy blasts belligerently "So I'm alone! So what!"

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Ass'n of S. E. Firms Approves Constitution

The Association of Stock Exchange Firms, at a special meeting, approved the new constitution of the Association which gives effect to the program of enlarged activities as contemplated in its plan for reorganization which was distributed to the members of the Association two weeks ago.

In order to accomplish the transition from the old management of the Association to the new form of government, a new Nominating Committee was elected and the present officers and members of the Board of Governors resigned their positions, effective November 17, when a new Board of Governors will be elected.

The Nominating Committee elected consists of:

John L. Clark, Abbot, Proctor & Paine, New York City.

Russell E. Gardner, Jr., Reinholdt & Gardner, St. Louis.

Elton Parks, Dominick & Dominick, New York City.

Richard Pigeon, Estabrook & Co., Boston.

Robert L. Stott, Wagner, Stott & Co., New York City, and Chairman of the Board of the New York Stock Exchange.

It will propose a slate for the new Board and a successor Nominating Committee, which will be submitted to the Association's membership on Nov. 7, and which will be voted upon at the first annual meeting of the reorganized Association to be held on November 17.

M. C. Leggett with Crane, McMahon Co.

(Special to The Financial Chronicle)

CHICAGO, ILL. — Marvin C. Leggett has become associated with Crane, McMahon & Co., 209 South La Salle Street, members of the New York Stock Exchange. He will continue to specialize in the wholesale of Group Securities. Mr. Leggett was formerly with Distributors Group, Inc. and prior thereto was manager of the wholesale department of Dempsey-Detmer & Co., was an officer of Taussig, Day & Co., Inc. and in the past was an officer in Kerfoot, Leggett & Co.

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THE BOND SELECTOR

American Telephone Convertible 3s A Prime Bond With A Valuable Call on the Stock

Within the past four months, the American Telephone Company has been in the market for about $323,000,000, most of which represents new money. In July, the company offered to stockholders $233,585,000 of 3% convertible debentures; this offering represented new financing, the funds to be used for new equipment and facilities for the large increase in telephones in service.

In September, $90,000,000 of thirty-five year 2¾% debentures were awarded to a group of insurance companies under the competitive bidding system. The investment banking fraternity will not forget this issue for some time to come since the bonds were lost to bankers due to the higher bid submitted by the insurance group. The purpose of the $90,000,000 block of debentures is to apply the proceeds toward redemption of $94,306,000 of 5½% bonds due in 1943.

Of the $233,585,000 of convertible 3s offered to stockholders at par, approximately $222,500,000 or 95% were subscribed for, and the company can sell the balance of the unsubscribed portion. These debentures command wide attention due to their unquestioned high quality and because they offer certain attractive conversion features. At any time after January 1, 1942, they are convertible into common stock of the company at $140 per share. This is effected by surrendering $100 principal amount of bonds and $40 in cash for each share of stock. The bonds are currently selling at 112¾ and the stock is quoted at 154½. At present prices, the bonds yield slightly more than 2% to their maturity in 1956. The conversion privilege at $140 per share remains unchanged up to December 31, 1954, or a period of twelve years.

Purely as a bond, the convertible 3s due 1956 have been appraised at between 106 and 108 without considering the conversion privilege. Consequently, the attractiveness of the debentures much above their worth as a bond depends almost entirely on what the future prospects of the common stock may be and that, naturally, depends on the outlook for the earnings of the company itself.

The following table outlines important items in the consolidated income account of the Bell System since 1935:

CONSOLIDATED EARNINGS. (000s Omitted)

	Operat'g Revs.	Net Oper. Revs.	Gross Income	Fixed Charges	Net to Common	Net per Sh.	Price Range	
							High	Low
1940	$1,174,322	$220,878	$261,880	$42,466	$210,497	$11.26	175¼	145¾
1939	1,107,187	217,346	242,269	42,210	190,281	10.18	171¼	148
1938	1,052,658	190,500	206,699	42,408	155,543	8.32	150¼	111
1937	1,051,379	206,983	235,976	42,586	182,343	9.76	187	140
1936	994,852	219,487	248,352	50,514	184,744	9.89	190⅛	149½
1935	919,116	183,161	183,161	52,244	132,918	7.12	160½	98⅞

Like every other large industrial enterprise, the American Telephone Company has been feeling the results of higher costs—materials and wages—and sharply increased taxes. Despite an increase in 1940 of 6% over 1939 revenues, net operating revenues rose only 1.6%: However, since only telephone subsidiaries are consolidated, this increase does not reflect operations of Western Electric. The fact that net income of the parent company rose from $190,000,000 in 1939 to over $210,000,000 in 1940 was due largely to greatly increased business done in 1940 by Western Electric whose net income rose to $32,787,000 or almost exactly double that of 1939.

Since this company, through its subsidiaries, controls about 80% of the telephones in service in the United States and handles about 95% of all the telephone toll messages originating in this country, data on telephones in service and toll messages handled give a good indication of the trend of operating revenues. At the end of 1935, the subsidiaries of the company had in service 13,573,000 telephones. Each year thereafter the number increased steadily, until at December 31, 1940, it stood at 17,484,000. On June 30, 1941, telephones in service were 18,155,000, an increase of 671,000 since the end of 1940. In connection with the number of telephones in service and toll messages handled, the company has recently stated: "While the number of telephones in service has increased by about 4,300,000 in the past five years, it should be noted that in the three year period ended August, 1933, there was a net loss of approximately 2,600,000 telephones. The number of toll messages of the Company and its principal telephone subsidiaries in 1940 was about 37% greater than in 1935, but only about 7% greater than in 1929. In the first six months of 1941 the number of toll messages of the Company and its principal telephone subsidiaries was about 15% greater than in the corresponding period of 1940.

Giving effect to recent financing, fixed charges of the consolidated company will be increased by approximately $4,260,000 annually or to a total of about $46,700,000. Despite the fact that new money to the total of about $222,500,000 was raised and so added to the funded debt, annual fixed charges are still over $5,000,000 less than they were in 1935 before the company was able to take advantage of easy money rates. On the basis of 1940 operations, fixed charges as they now stand would have been covered 5.6 times.

Assuming that the company ultimately sells the balance of the convertible 3s which were not subscribed for by stockholders, about $232,220,000 of cash will have been received. Since the bonds are convertible into stock at the rate of $1,000 principal amount of bonds plus $400 cash for ten shares of the common stock, the company has reserved out of its authorized common 2,335,849 shares of stock. If all the bonds are converted, an additional $93,433,000 of cash will accrue to the company, fixed charges will be reduced by $7,000,000 annually, and the additional common stock of 2,335,849 shares will, when added to the 18,686,794 shares now outstanding, bring the total to 21,022,643 shares, representing a dilution of 11.1%. On the basis if 1940 operations, complete conversion (after adjusting fixed charges) would have resulted in $10.14 per share instead of the reported $11.26.

For the six month period ended May 31, 1941, Bell System operating revenue amounted to $630,324,000, an increase of 9.4% over the corresponding period of 1940. Operating income of $236,792,000 was up 6.5% over 1940. Net income available to the common stock for the period amounted to $6.80 per share, up from $5.57 a year ago, or at an annual rate of $13.60.

In this connection, however, it should be stressed that the figures cited above take into consideration only Federal Tax rates now in effect and do not reflect substantial additional taxes which will accrue in line with the tax bill which has recently been enacted into law. These additional taxes will be levied against 1941 earnings. Exactly how they will affect net earnings for the year is not known. Some indication may be gleaned, however, from comparisons compiled by the company of earnings for the three months ended March 31, 1941, before and after the new taxes. This comparison revealed that net income per share BEFORE new taxes was equivalent to $3.32, and AFTER new taxes to $2.50 for the quarter period. For the full year 1941, the best estimate is for around $10.00 per share after new taxes, instead of $13.00 on the basis of Federal taxes now in effect.

The American Telephone convertible 3s should find wide interest among investors who are able to afford the meager return at current market prices, but who are interested in capital appreciation offered by the call on the company's common stock. In addition, of course, loss of principal through a possible trend of firmer money rates is protected in considerable degree likewise by the conversion feature. The bonds are callable in whole or in part after September 1, 1942 at 107 to August 31, 1944, and at lesser prices thereafter.

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NASD Gives Dealers Own Corrective Power

Robert W. Baird, Chairman of the National Association of Securities Dealers, Inc., addressing the annual convention of the National Association of Securities Commissioners at Biloxi, Miss., stated that in the evolving of the idea behind the N. A. S. D. a mirrow was being given to the over-the-counter dealers to see what they looked like, and powers were being given them to correct some of the conditions they were finding. "And be it said to the credit of the securities dealer," Mr. Baird continued, "as he is beginning to see the problem he is moving to answer it; in fact, Mr. Fulton and the Board of Governors know that we are having more requests for help and examinations than we know exactly how to meet.

". . . I hope you will not endeavor to protect and defend security laws and security commissions that are inadequate, obsolete and ineffective or are being run on a political basis. . . . I don't think you can fool the SEC and, as we move along in our own work, you won't fool the securities dealer; which means that if your Commissioner is doing constructive work and eliminating red tape and bureaucracy, you will have the wholehearted support of our membership."

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Morgenthau's Corporation Profits Proposal Finds Many Opponents

The proposal, made by Secretary of the Treasury Morgenthau on Sept. 24 that corporation profits be limited to 6% during the present emergency, has brought opposition this week from various quarters. Mr. Morgenthau's suggestion was made on Sept. 24 at the hearing before the House Banking and Currency Committee on the Administration's price control bill. The hearings were resumed by the Committee on Sept. 17 after a month's recess. According to United Press advices from Washington Sept. 25, Senate and House tax authorities predicted privately on Sept. 25 that Congress would reject the proposal. The same advices said:

> Members of the Senate Finance and House Ways and Means Committees said they saw no reason why Congress now should reverse the position it took on the recently enacted $3,553,400,000 defense revenue program.
>
> They recalled that both chambers had rejected Treasury demands that the average earnings method of computing excess profits be scuttled, and that all corporations be required to pay the excess profits rates on all earnings in excess of 8% of their capitalization.
>
> Mr. Roosevelt had sought in vain to have the rejected Treasury program reconsidered.

Senator Vandenberg (Rep. of Mich.) was one of those who voiced his opposition (on Sept. 30) to Secretary Morgenthau's proposal, and he is reported as terming it "an attempt by indirection to repeal the capitalistic system." The Associated Press reports that Senator Vandenberg, a member of the Senate Finance Committee, declared that there was "not a semblance of justification" to the 6% profit ceiling, and he took particular exception to Mr. Morgenthau's recommendation that profits be computed on the basis of invested capital. The Associated Press added:

> "The invested capital method is not the sole measure of profits in this country and Congress has consistently refused to take an unrealistic view of the situation," Mr. Vandenberg told reporters. "There is not a chance that it will reverse its position now.
>
> "If war profits are not being recaptured, there are ways and means of recapturing them. It is not necessary to tear up fundamental economic principles to do it."

Senator George, of Georgia, Chairman of the Senate Finance Committee, previously has expressed opposition to the Morgenthau proposal, but Senator Nye, Republican, of North Dakota, a consistent opponent of administration foreign policies, has given it qualified support.

Donald M. Nelson, executive head of the Supply Priorities and Allocations Board, told the House Banking Committee on Sept. 27 that he was not in agreement with Mr. Morgenthau as to his suggestion. The Washington correspondent of the New York "Journal of Commerce," Ralph L. Cherry, in reporting Mr. Nelson's views, said:

> Mr. Nelson told the committee that adoption of such proposal would threaten expansion of the national defense program and be a retarding influence to the vigorous efforts now being made to expand production to meet not only defense but consumer needs.

His statement, the most damaging that has been voiced

(Continued on Page 515)

FROM WASHINGTON AHEAD OF THE NEWS

A few weeks' operations of Floyd Odlum's set-up to "save small industry" makes it quite clear that the emphasis is not to be so much on saving "small industry" as satisfying the labor leaders. Here is the way the set-up works: Leon Henderson advises the labor division of the OPM when and how much such industries as electrical refrigeration, for example, are to be cut. The labor division thereupon makes a survey of the number of workers involved and what it is thought they can do in a defense industry — with training or without. The labor division then certifies it findings to Odlum. If a "distressed" community is declared, the Army, Navy and other procurement agencies are supposed to get a defense award there promptly, regardless of the costs. A "distressed" community is one in which its economy turns around an industry which is being cut off from its raw materials.

This is the ordinary procedure in which cases are brought to Odlum so it can be seen that the emphasis is on organized labor. Now, of course, there are other ways in which his attention can be called to a situation: grumbling Congressmen and local civic bodies. But they have ten strikes on them if the labor leaders have not originated it. If a Congressman or a civic body complains, then it is the problem of a manufacturer. The indications are pretty plain that the "organized labor situation" must be involved.

As of today the labor division has certified eight "problem" or "distressed" communities, and of these only one has been treated under the new regime. It is the

(Continued on Page 514)

Binders For The Convenience Of Our Subscribers

Arrangements have been made with the "Expandit" Binder to supply temporary binders in which to file current issues of the Financial Chronicle in its new form. These will facilitate the use of the Chronicle and will protect copies against mutilation and loss. The cost is $2.50 plus postage for each of these binders which have been designed to hold one month's issues of the Financial Chronicle. Orders for binders should be sent to "Expandit" Binder, 25 Spruce Street, New York City.

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Editorial—

Apres le Deluge

New Deal managers have always been great planners—on paper. Their plans have as a rule had even worse fortune than the "best laid schemes of mice and men" which the poet tells us "gang aft agley," but they like to think of themselves as planners, par excellence, and not infrequently bob up at critical political moments with an assertion that some current development which appears to them to be good eventuated, not by chance, but because they "planned it that way." For some time past while they have been struggling in vain to bring their defense plans to real fruition, they have been letting it be known that they had plans, very definite plans, to make our business mechanism work smoothly and well during the transition period which, of course, must follow the current deluge of unprecedented armament outlays.

Probably nowhere in the whole range of New Deal nonsense have lack of real understanding of the economic system and a greater measure of Alice-in-Wonderland dreams appeared than in the programs being formulated for this purpose. Long ago the Administration began to draw up blue prints for vast unproductive expenditures during that future period, and to lay them carefully upon the shelf to be taken down and dusted off when the proper moment arrived. No more thought than in the past has been given or is being given to the problem of finding the funds for such projects, and no one has taken the trouble to inquire what would be done when this planned orgy of further foolish outlays has been completed. Such considerations as these are, as usual, being conveniently left for the future.

Some weeks ago Washington dispatches frequently quoted officials as urging the rank and file to save their funds now, and lend them to the Government to finance the armament program in the confident belief that they could withdraw them promptly after the defense program—and war, if and when we admittedly enter it, is over and create or preserve prosperity by then spending them for whatever goods they wish. Professor Keynes of London, who came to

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From Washington

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aluminum ware industry of Manitowoc, Wis. At Odlum's first press conference, some three weeks ago, an Army officer, by way of showing the cooperation which the Army was giving to the new order, announced that just that day, an award of $2,000,000 for mess kits given to one manufacturer, had been redistributed over six firms. Of this, it is learned, Manitowoc got the largest hunk of about $1,000,000; New Kensington, Pa., which was not a "distressed" area, got some, and the remainder was spread over four other concerns.

The point is that this "relief" of Manitowoc cannot be properly applied to Odlum's set-up. It was just something the Army did, and parenthetically, some reporters asked what in the name of heavens, was the Army buying $2,000,000 worth of mess kits for—about 6,000,000 mess kits which are all aluminum.

Since then, nothing has been arranged for any of the other "distressed" areas, which the labor division won't make public, but which have been discussed as Evansville, Ind.; Meadville, Pa.; Kenosha-Racine, Wis.; Newton, Iowa, places in Ohio and New England. Mostly discussed have been electrical supplies and washing machines industries.

Any way you want to look at it, the new set-up is not a likely one by which a small harassed manufacturer can easily tune in on the defense expenditures. This correspondent was a little amazed when, over a period of two weeks, and by way of seeking information about the new set-up, he could find no knowledge among Odlum's associates of the Walsh-Healy Act.

"What plans have you made to get around or deal with that," he would ask.

Invariably, his answer would be:

"The what."

Manifestly, this would not be a problem of Odlum's set-up so long as the cases originated with the labor division, but strangely enough, in the zeal of these fellows over the new approach, there was a complete oversight of this Act. Finally, one day, I ran into an unusually intelligent fellow, in the Labor Division, and putting my question, he exclaimed:

"My God, I hadn't thought of that."

He immediately called six persons in his division and the result was a hasty conference of lawyers.

One of the outstanding stories of Washington today is the eclipse of those famous New Deal reforming vehicles, the Securities and Exchange Commission and the National Labor Relations Board. They were the two prime vehicles of the "Revolution." From the SEC, Bill Douglas sprung to the Supreme Court; Jerome Frank to the security of a Federal judgeship, and Leon Henderson to be price fixer and one of the most powerful men in Washington. The SEC was the instrument by which the New Dealers in 1938, through the Temporary National Economic Committee, drove hard against the capitalistic system. But its shining lights have all been fixed up; they have jobs of newer prominence. They aren't concerned about the SEC any more. The present members don't get the headlines. Little attention is paid to the agency. It means, that their decisions should be more judicial and not with a view to page one in the papers, which ought to be a big help to the financial community.

In the case of the NLRB, it is a pity that with its present membership it doesn't prevail more than it does. It was set up to administer the Wagner Labor Act which fundamentally was designed to guarantee a man his right to join a labor union. But the record is quite clear that the communist and fellow traveller influences on the board aborted it to carry on a class war and to build up the C. I. O. against the A. F. of L. Now it is a decent, well regulated board but its functions are being largely taken over by the National Mediation Board on which are such conservatives as Eugene Meyer, publisher of the Washington Post. But business men on a board like this have a holy horror of being charged with "holding up national defense," a rather indefinite phrase, and the result is that the board's decisions have advanced the closed shop movement in this country, to say nothing of granting nearly every demand for an increase that is submitted. The result is that every labor leader considers he is negligent if he doesn't make a demand, threaten to strike, and get it before the Mediation Board. Labor leaders have long known that such Mediation Boards with business men on them, are suckers. The business man is trying to be "patriotic" (his money is not concerned); the labor leaders have constituencies to answer to.

Editorial—

Oppression

During the last three or four weeks there has been a strike in progress among the anthracite workers of Pennsylvania, to which ardent believers in human rights and in the civil liberties supposed to be guaranteed in the United States ought to give more attention than it seems to be receiving.

The miners who are on strike are members of the United Mine Workers of America, a labor organization of which John L. Lewis is the titular chieftain and, at least until the development of the present controversy, were in good and regular standing as supporters of that rich and powerful body. They have no controversy with the mine operators by whom they have been employed, although they are acting in negation of their contracts of employment. They are not striking to obtain higher rates of remuneration or to resist reductions in the wages which they have been receiving; they are not asking for more favorable working conditions nor, indeed, for any modifications in those presently existing; in short, as between themselves and their employers there are absolutely no differences: they have no grievances as employees; as such, they are in no way dissatisfied; they are asking nothing which their employers have retained the power to concede without risk of being charged with violation of collective bargains in which both sides have heretofore acquiesced, however unwillingly the employers.

This anomalous interruption of mining has, in fact, arisen because the miners are dissatisfied with the management and methods of their own labor organization. They look upon the pecuniary demands made upon them, by John L. Lewis and his minions and cohorts in the direction of the United Mine Workers, as unreasonable and excessive beyond warrant or even plausible defense, and they find themselves so conditioned and hampered by past agreements which they enabled their leaders, in the interest of the continuation of their own leadership—and nothing else—to force upon the owners and managers of the mines, that they could determine upon no means of self-protection short of resort to the powerful and costly weapon of the strike.

Although the collieries affected are located within a small portion of the whole anthracite producing area and have no more than 30,000 employees, the spirit of revolt against the course of the Union's leadership by which the strikers have been actuated, appears to be widespread; and, unless an early settlement is effected, idleness and suspended production seem likely to become much more extensive, possibly spreading throughout the entire region. Meanwhile the employers, whose capital and markets are involved and threatened, and the consuming public which is soon to face conditions requiring reliance upon greater utilization of household fuel, appear to have no alternative except to watch without intervention, but with profound interest, proceedings which they are impotent to influence or to control.

It has all happened because some years ago the union leaders, finding that the interest of many of their members was growing slack and that the inflow of revenue from dues, fines and assessments threatened to become insufficient to meet with their desires and requirements, were enabled, as an incident to the settlement of more real differences between the workers and the operators, to insinuate in the ultimate agreements, provisions requiring the employers to deduct moneys claimed to be due to the labor union from their wage payments to the individual employees, turning the sums thus exacted over to the union officers. This system, under which the operators have become agents with

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Editorial—

Canada Remains Sane

For relief from the perfervid debate as to war and taxation on our own side of the border, it is well to consider the relatively quiet and sane procedure of our northern neighbor, Canada. The Canadians are active participants in the raging European war. They have no illusions about the requirements of such participation. But they also manage somehow to keep their balance and conduct their affairs with a due sense of proportion.

Those of our officials in Washington who call loudly and in a panicky fashion for all sorts of monstrous absurdities might well ponder the Ottawa course. Although we are not technically at war, proposals are advanced by Administration spokesmen which probably would occasion a prompt governmental overturn if the same hazy notions were officially advocated in Canada.

The controls and restrictions on our own side already exceed in some important respects those applied in the far grimmer war atmosphere of our neighbor. The Canadians are blessed in not having a Secretary Morgenthau to propose confiscation of all corporate profits over 6% of original capital. They are financing their very heavy relative war costs with some regard to the future, and to the long-term realities of international affairs. Ottawa is far more likely to modify inflationary phenomena than Washington, because Ottawa is serious about it and does not press against one group while letting another run away with the price level.

Especially instructive is the Canadian procedure respecting corporate profits in this time of war. Soon after war was declared the Canadians enacted legislation designed to keep corporate profits at a reasonable level and prevent profiteering from emergency requirements. Such laws proved effective and little change has proven necessary as the conflict continued.

As amended this year the Canadian regulations call for a corporate income tax of 18% for companies presenting non-consolidated statements and 20% for those utilizing the consolidated statement form. The excess profits tax is either 22% of net profits before income taxes, or 75% of the excess over "standard" rates of earnings after income taxes, whichever is greater. For the purpose of determining such standard earnings the average profits of three years out of the four-year period 1936 to 1939 are the gauge.

This is heavy taxation, of course, but it also affords some scope for continuance of enterprise and initiative, and of the profits which might be regarded as normal to the Canadian corporations. In practice the plan has worked with exceptional ease and equality. Available reports of Canadian corporate earnings in the first half of this year show a scale of profits just a shade under those of the similar period of last year. They are comparable with pre-war earnings, and insure a Canadian war effort that is undisturbed by apprehensions of complete confiscation on possible considerations of a political nature foreign to Canada.

The general Canadian budget also reflects forethought and reasonable attention to the eventual outcome of the economic turmoil of these times. Ottawa displays no such disregard of financial considerations as any observer can note in Washington. All the less likely will be the post-war realization in Canada that the military victory was a Pyrrhic one on the economic side.

The Canadian debt is advancing, to be sure, in accordance with the gigantic war effort put forth. But the increase in the net debt promises to be much less, on a per capita basis, than that of the United States. Ottawa now is following the Washington practice of repatriating the immense United Kingdom holdings of Canadian securities, in offset for supplies furnished to England. This is mere common financial sense.

By agreement with the United States, war efforts in Canada are augmented through a flow of lend-lease wares from the United States through the Canadian industrial machinery to the war front in Europe. But Canada is not a lend-lease beneficiary on her own account, but continues instead to pay cash in U. S. dollars for her own requirements.

There has been some criticism within the United States of the Canadian war effort. Such criticisms usually are snap-judgments or are based on inadequate information. A comparison of the sensible Canadian procedure with the outrageous performances in the United States might, indeed, seem to make Canada laggard, but deeds count more than wordy vaporings in the present situation. Far from asking Canada to take a leaf from the United States, our own authorities might be better advised to import a little Canadian sanity.

Editorial—

Oppression

(Continued from First Page)

singular power to enforce payments in which they are not interested from employees by whom they would not otherwise be made, has come to be known as the "check-off." Under its operation, the United Mine Workers has become an exceedingly wealthy organization, of which men of a certain recognizable type may be well pleased to become officers, drawing from its large and usually submissive membership the huge funds that, in 1936 and before he ceased to be a supporter of President Roosevelt, were utilized by John L. Lewis to make up the organization's half-million dollar contribution to the former's campaign for re-election, and that supply pecuniary implementation for the advancement of many other political ambitions and adventures, not visibly relate to any interest of the miners, as well as for the continuance of the struggle of the Congress of Industrial Organizations to destroy the American Federation of Labor and the better class of independent labor organizations and unaffiliated unions—all of them long its seniors in the American labor field.

With this un-American and undemocratic system in force and available as their instrument, the union leaders, claiming control of the industry, believed themselves to be safe in increasing their pretentions for pecuniary support and proceeded to arrange for additional exactions amounting to $10.00 per year from every employee in the Anthracite Region of Pennsylvania—enough to produce an aggregate annual increment of revenue of not less than $1,000,000. To the miners, none of whom the union leaders will admit to be overpaid, this additional burden proved to be the last straw and sufficient to drive them to desperate resistance. Unable to effect withdrawal of the demand by action within the organization, in which the membership composed of anthracite miners has almost no influence at all, they finally determined to strike. A belated effort at compromise, apparently offering little to the miners, brought John L. Lewis scurrying into the region, but his persuasions were ineffectual, and at last accounts the strike seemed to be gaining adherents.

As a weapon of coercion, the check-off is highly potent and it ought to be intolerable in a country which believes in the liberty of the individual and in the worth and dignity of independent and self-reliant manhood. No group of workers would submit to their employers' undertaking the collection of indebtedness incurred by them as individuals on account of anything other than the support of their minors, and there is no excuse for making an exception in the case of the check-off, except the cupidity of labor leaders, the certainty that many workers would cease to pay unless coerced, and the determination of the leaders to perpetuate the organization and resources essential to their own support, no matter how indefensible and oppressive the means to which they have had to resort. No employer ever participated in this form of aggressive oppression against his employees, save under extreme duress and when reluctantly convinced that his consent had been the sole alternative to incalculable losses in interruptions of work and continued adverse activities of disgruntled and unscrupulous leaders. No mechanism for oppression could be conceived within the most daring and cynical brain that would exceed in potency the combination of the incorporated employer and the great and far-flung organization extending throughout all the coal fields of the United States, against the solitary individual who, after toiling day after day in the bowels of the earth, has ultimately determined that he has better use for his earnings than to contribute further sums to the support of leaders whose activities—so far as he is cognizant of them—are largely political and in no visible or demonstrable manner contributive to his welfare.

The surprising thing is not that miners in Northeastern Pennsylvania have revolted by striking against the intolerable check-off, but that for so long a period the people of this country, including the workers whom it has victimized and oppressed, have allowed themselves silently and without protest to witness the development and extension of that brutal device of selfish leadership. Collective bargaining, on behalf of employees who feel themselves so conditioned or situated as properly to be benefitted by an artificial solidarity with all or part of their co-workers, may be an excellent thing—at least its propriety as a voluntary expedient open to all workers choosing to unite for that purpose, is not at this time debatable. But to coerce any worker into involuntary and grudging submission to representation by any organization, is a denial of that fundamental right of manhood, without which there can be nothing of genuine independence and none of the realities of freedom. The check-off is simply one of the crudest and most indefensible of the oppressive weapons by which attempts to give effect to such intolerable coercion has been implemented.

Editorial—

Apres le Deluge

(Continued from First Page)

this country at about that time gave the general idea considerable impetus by telling about British methods of war financing which had some such purpose. Precisely how the Government would manage to return such funds after the deluge precisely at a time when, according to plan, it would be raising and spending billions in "made-work" schemes, no one has taken the trouble to explain—not even Professor Keynes.

The latest scheme which the Washington dreamers have been able to conjure up, or one of them, partly at least for the purpose of "easing us over" the dreaded transition period after armament and/or war, takes the form of a further vast extension and enlargement of the so-called social security program. Here again no one takes the trouble to explain precisely how the alleged "$5,000,000,000 pool of funds" would be created in the manner suggested, or if it were created, how it would be possible to draw upon it when required without initiating a period of large scale inflation by Treasury bank borrowing. The fiction persists that payments made by employers and employees are placed in some sort of vault or "fund" from which they can be drawn at will, but it is nothing more than fiction.

What has been happening is that these funds, after transfer hither and yon on the books of the Treasury, find their way into the general fund of the Treasury whence they move out to meet ordinary New Deal profligate bills. What would happen if the scheme were extended and enlarged as planned to "aid defense," etc., would be that the funds would go to build tanks, ships, guns, planes and the rest, none of which are wealth-producing machines. When the war is over or when we drastically reduce our armament production, we shall be the poorer, not the richer, for such efforts. The individual who has claims upon the Government as a result of the social security payments will theoretically be in a position, it is true, to draw on the Treasury and buy what he wants—but where will the Treasury obtain the funds to meet such claims? Obviously only by further taxation or by borrowing either from the people or the banks—almost certainly from the latter.

The sooner we all are able to rid ourselves of the supposition that the people as a whole can by so simple a means as "laying aside" funds in a governmentally managed central "pool" really protect themselves against the future, the better off all of us will be. It is, of course, all to easy to fall into the fateful error of supposing that what an individual as an individual can do in such matters the people as a whole can do. So easy is it that the politicians and the professional dreamers have not yet had much difficulty in capitalizing upon such fuzzy thinking on the part of the masses. The fact is, however, that whatever may be said of "funds," "pools," and all the rest, the Government of the United States, now or at any other time, has—apart from relatively small assets it has latterly acquired in one way or another—no way of making claims against it good except by taking the necessary funds from the people themselves. If the average man could be persuaded to bear this simple truth in mind at all times, a considerable part of the popular appeal panaceas always have would fortunately vanish.

Our Reporter On "Governments"

What do the bankers of the United States—the men who have absorbed 46 per cent of the public debt increase in the last seven years, the holders of the largest percentage of tax-exempt securities outstanding—think of the outlook for Government bonds? . . . What do the present and potential buyers of the issues of Federal, State and local governments think they'll be asked to do during the coming years of emergency? . . . How do they feel about (1) the movements of interest rates; (2) the future of commercial loans; (3) the excess reserves situation; (4) the stability of their portfolios? . . .

Last week, the American Bankers Association held its 67th annual convention in Chicago. . . . More than 4,000 bankers from every State and city in the nation were present to hear addresses by the Secretary of the Treasury, by bond experts and authorities on monetary trends. . . . A survey of opinion was made at that convention on the subject of Government bond trends and following is a capsulized report on that survey. . . .

In brief

To brief the results at the start, here are some of the predictions:

(1) The commercial bankers of America will be called upon to increase their portfolios of direct Governments and guaranteed issues by 50 to 100 per cent in the next five or so years. . . .

(2) Unless a drastic revision is made in the Treasury's policy for selling defense bonds, the commercial banks will continue the major mainstay of the Treasury in the financing of defense and will have to support the Treasury in its financing deals throughout each coming year. . . .

(3) As long as this situation exists, an important change in the trend of money rates seems highly unlikely, for the simple reason that the Treasury can't afford to lose the banks' confidence or to undermine their willingness to over-subscribe each new offering of bonds or notes. . . .

(4) Perhaps there will be minor swings—3 or 4 point swings being considered minor—over the next 12 months, but any large-scale selling of bonds by banks or any large-scale trading must be dismissed as improbable. . . .

(5) The Federal Reserve Board will ask for—and probably will get—additional authority to raise bank reserve requirements and then will use that power to cut surplus funds of the nation's banks to much below the present level. . . .

(6) This may be uncomfortable but the banks approve of the step because it is an anti-inflation device. . . .

(7) Commercial loans may continue rising for a while, but the big percentage gains have been seen. From this point on, the advance will be more gradual and then some stabilization is to be expected. . . .

(8) Tax-exempt bonds still are the best things to hold, even though the premiums on the issues are high. The taxable part of the portfolio may be built up through purchases of new offerings. . . .

(9) The great essential for protection of a portfolio at this moment is a rigid, all-inclusive amortization program. . . .

Debt Gains

A chapter could be written on each one of those nine points, of course, but that is unnecessary. The comments speak for themselves and they say that the commercial bankers, at least, expect little change in their responsibility toward the Treasury Department and in their investment policies under this Administration during the coming year. . . . And that forecast is made by them after considerable thought and argument. . . .

The intriguing angle about the debt increase prediction, incidentally, is that the bankers disapprove of the trend heartily, believe it could be shifted and improved somewhat by a better managed defense bond sale, but admit in the same breath that the chances of such revision are slight. . . . There's no question in any banker's mind concerning the outlook for a bigger and bigger national debt, of course. . . . But there is considerable question about whether the increase should be placed with the banks. . . . For the inflationary implications of continued heavy sales of Government bonds to the banks are so obvious as to need no explanation. . . .

However, a sampling of opinion disclosed beyond any doubt that the bankers believe the Treasury will not be able to sell enough defense bonds to the general public to eliminate the necessity of intermittent demands on the commercial banks. . . . Even if the defense bond sale could be made to yield sufficient cash to pay for half of the defense program, the Treasury wouldn't consent to the "pressure" tactics essential to that accomplishment. . . .

Which all comes down to the point that the bankers expect their bond portfolios to continue to mount rapidly in the coming years. . . .

Defense Bond Sale

As far as the defense bond sale is concerned, there is every indication that the Treasury soon will

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Morgenthau's Idea Finds Many Opponents

(Continued from First Page)

against the proposal thus far by men in key Government positions, came only a few hours after Chairman Doughton (Dem., N. C.) of the Ways and Means Committee let it be known that he was against the proposal.

Speaking from Sparton, N. C., where he is spending a few days to rest during the inactive period of Congress, Chairman Doughton warned that the Morgenthau scheme "might have a very serious effect on our economy," and that Congress should move slowly in putting any such proposal into effect.

Mr. Doughton said that he though it would be "very regrettable" to have another fight over the question of limiting corporations to the invested capital method of computing their excess profits, and predicted that the proposal would be rejected by his committee as it has been twice before in the past.

He added that his committee would begin consideration of the proposed administrative tax bill later this year but he was doubtful whether any consideration would be given to the Morgenthau proposal at that time.

At the hearing of the House Banking and Currency Committee on Sept. 18, on the price control bill, Leon Henderson, head of the Office of Price Administration, made his eleventh appearance before the group and renewed his appeal for early action on the measure by Congress.

On the following day (Sept. 19) Bernard M. Baruch, who was Chairman of the War Industries Board during the World War, testified before the Committee urging that a ceiling be put over the whole price structure, including wages, rents and farm prices. Saying he was in agreement with the bill's objective, regarding it as the "greatest single necessity of our present crisis," Mr. Baruch contended that the legislation is "piecemeal." His two main points of disagreement with the bill were:

1. I don't believe in piecemeal price fixing. I think you have first to put a ceiling over the whole price structure, including wages, rents and farm prices, up to the parity level, and no higher, and then to adjust separate price schedules upward separately, if necessary, where justice or governmental policy so requires.

2. I don't believe that you can treat price control as a separate effort. It must be intimately tied up and move in step with all other war controls, wage and rent controls, priorities, conservation, commandeering, war trade, war finance and so forth. They are like the fingers on a hand. Without all together, the job can't be done satisfactrily.

From Associated Press accounts from Washington Sept. 19 we take the following regarding Mr. Baruch's testimony:

In advocating a single administrator for the proposed law, Mr. Baruch differed with legislators who have been advocating a board of several members to do the job. Some of them privately had based their support of such a plan on their opposition to Leon Henderson, head of the Office of Price Administration, who is regarded as the most likely choice of the President to be price administrator.

"Much of the waste and confusion of our defense efforts today can be traced to the fact that priorities were instituted without doing the things that must go with priorities, finding out what we must supply and what resources are available for the job," Mr. Baruch testified.

Once American industry has been mobilized in all "its potency and terrible military might," he said, this country could be "the dominating influence" in the world.

Turning to a discussion of the Administration's bill, Mr. Baruch said it would not stop inflation, although it might lessen the degree.

"Piecemeal price fixing will not halt inflation," he explained. "It allows the general price level to run wild, while dealing with a few individual prices."

As a matter of basic principle, he said, a price control law should make no exceptions and added that while there might be good administrative reasons why the price control agency should not be entrusted with the regulation of both rent and wages as well as commodity prices, he did not agree.

Discussing agriculture's place in the picture, Mr. Baruch said that the ceiling for farm commodities could be set at parity, and the same parity relationship could be retained after the war.

"Those who demand 110% of parity and more are inviting the farmer to go on another binge which will leave him with the same terrible hangovers he suffered after the last war," Mr. Baruch added.

Reappearing before the Committee on Sept. 22, Price Administrator Henderson expressed opposition to Mr. Baruch's plan for setting a ceiling on all prices, wages and rents. Mr. Henderson said that the over-all ceiling method had been studied for more than a year but was put aside in favor of a selective system of price control. He added that the blanket price control plan would be an almost impossible administrative task.

Again testifying before the House group on Sept. 23 Mr. Henderson stated that voluntary agreements to prevent wage increases were "the next step" in the government's effort to forestall inflation. Saying such agreements with labor are "not only feasible but highly likely," the Price Administrator declared that Sidney Hillman, Associate Director-General of the Office of Production Management, had been working toward that goal for some time. Mr. Henderson emphasized that wages should be kept in restraint, but said that at the opening of a great national effort such as the current armament program, "you cannot get the cooperation necessary by fixing wages."

Daily Average Crude Oil Production for Week Ended Oct. 4, 1941, Off 199,250 Barrels

The American Petroleum Institute estimates that the daily average crude oil production for week ended Oct. 4, 1941 was 3,860,750 barrels. This was a decline of 199,250 barrels from the output of the preceding week and the current week's figures were below the 4,012,900 barrels calculated by the U. S. Department of the Interior to be the total of restrictions imposed by the various oil-producing States during October. Daily average production for the four weeks ended Oct. 4, 1941 is estimated at 4,007,150 barrels. The daily average output for the week ended Oct. 5, 1940, totaled 3,488,800 barrels. Further details as reported by the Institute follow:

Reports received from refining companies owning 86.4% of the 4,538,000 barrel estimated daily potential refining capacity of the United States, indicate that the industry as a whole ran to stills, on a Bureau of Mines' basis, 4,015,000 barrels of crude oil daily during the week, and that all companies had in storage at refineries, bulk terminals, in transit and in pipe lines as of the end of the week, 80,870,000 barrels of finished and unfinished gasoline. The total amount of gasoline produced by all companies is estimated to have been 13,359,000 barrels during the week.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*a*B. of M. Calculated Requirements (October)	State Allowables	Actual Production Week Ended Oct. 4 1941	Change from Previous Week	4 Weeks Ended Oct. 4 1941	Week Ended Oct. 5 1940
Oklahoma	481,500	428,000	*b*432,700	+7,950	425,800	413,800
Kansas	253,000	253,000	*b*239,700	—18,950	250,300	191,150
Nebraska	5,300	------	*b*6,450	—200	6,800	1,000
Panhandle Texas			71,500	—8,750	80,800	81,150
North Texas			100,550	—3,300	101,950	120,700
West Central Texas			30,450	—400	30,750	28,750
West Texas			231,500	—47,400	267,500	208,600
East Central Texas			79,700	—5,300	83,700	63,500
East Texas			298,350	—71,350	351,850	298,700
Southwest Texas			179,450	—38,550	208,750	199,150
Coastal Texas			248,800	—43,500	281,700	188,400
Total Texas	1,420,100	*c*1,485,966	1,240,300	—218,550	1,407,000	1,188,950
North Louisiana			80,350	+150	80,550	64,750
Coastal Louisiana			253,200	—1,900	254,350	220,550
Total Louisiana	332,000	339,233	333,550	—1,750	334,900	285,300
Arkansas	78,200	73,415	74,350	—1,250	75,350	71,450
Mississippi	43,900		*b*60,750	+6,050	56,050	19,200
Illinois	399,200		438,250	+22,500	415,150	357,200
Indiana	20,100		*b*20,150	+1,350	19,750	19,800
Eastern (not incl. Ill. & Ind.)	98,100		94,100	+400	93,550	92,100
Michigan	44,100		54,700	+1,700	52,900	50,150
Wyoming	84,300		88,800	+300	87,300	80,500
Montana	20,300		20,550	—50	20,600	17,900
Colorado	5,000		4,900	+50	4,900	3,250
New Mexico	114,600	114,600	114,500	------	114,200	97,650
Total East of Calif.	3,399,700		3,223,750	—200,450	3,364,550	2,889,400
California	613,200	*d*613,200	637,000	+1,200	642,600	599,400
Total United States	4,012,900		3,860,750	—199,250	4,007,150	3,488,800

*a*These are Bureau of Mines' calculations of the requirements of domestic crude oil based upon certain premises outlined in its detailed forecast for the month of October. As requirements may be supplied either from stocks, or from new production, contemplated withdrawals from crude oil inventories must be deducted from the Bureau's estimated requirements to determine the amount of new crude to be produced.

*b*Okla., Kans., Neb., Miss., Ind. figures are for week ended 7 a. m. Oct. 1.

*c*This is the net basic 31-day allowable as of Oct. 1, but experience indicates that it will increase as new wells are completed, and if any upward revisions are made. With a few exceptions the entire State, including Panhandle, was ordered shut down on Oct. 4, 5, 11, 12, 18, 19, 25, 26 and 31.

*d*Recommendation of Conservation Committee of California Oil Producers.

NOTE:—The figures indicated above do not include any estimate of any oil which might have been surreptitiously produced.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE AND GAS AND FUEL OIL, WEEK ENDED OCT. 4, 1941

(Figures in Thousands of Barrels of 42 Gallons Each)

District	*Daily Refining Capacity* Potential Rate	*Daily Refining Capacity* P. C. Reporting	*Crude Runs to Stills* Daily Aver.	*Crude Runs to Stills* P. C. Operated	*Gasoline Produc'n at Refineries Incl. Natural Blended*	*Stocks Finished & Unfinished Gasoline*	*b Stocks of Gas Oil and Distillates*	*b Stocks of Residual Fuel Oil*	*c Stocks Aviation Gasoline*
East Coast	673	100.0	640	95.1	1,722	18,579	18,803	10,482	E. Coast
Appalachian	166	83.8	128	92.1	458	3,337	634	496	671
Ind. Ill. Ky.	752	84.4	650	102.4	2,596	14,591	5,678	4,513	Interior
Okla. Kans., Mo.	413	80.7	308	92.5	1,251	6,918	2,171	2,083	1,218
Inland Texas	263	63.2	130	78.3	605	2,181	485	1,411	Glf. Cst.
Texas Gulf	1,097	91.0	998	99.9	3,107	11,515	5,620	8,613	2,981
Louisiana Gulf	156	94.2	150	101.4	356	2,824	1,661	2,141	
No. La. & Arkansas	95	49.9	49	104.3	142	419	395	437	Calif.
Rocky Mountain	136	50.1	61	89.7	218	1,007	133	376	2,067
California	787	90.9	546	76.4	1,569	14,124	12,843	64,039	
Reported		86.4	3,660	93.3	12,024	75,495	48,423	94,591	6,937
Estimated Unreported			355		1,335	5,375	1,130	1,425	385
*a*Est. total U. S.:									
Oct. 4, 1941	4,538		4,015		13,359	*f*80,870	49,553	96,016	7,322
Sept. 27, 1941	4,538		3,980		13,213	81,003	49,950	95,251	7,396
U. S. B. of M.:									
*a*Oct. 4, 1940			d3,565		*e*11,817	81,644	48,848	107,461	6,037

*a*Estimated Bureau of Mines' basis. *b*At refineries, bulk terminals, in transit and in pipe lines. *c*Included in finished and unfinished gasoline total. *d*Sept.-Oct., 1940, daily average. *e*This is a week's production based on U. S. Bureau of Mines Sept.-Oct., 1940, daily average. *f*Finished, 73,113,000 bbl.; unfinished, 7,757,000 bbl.

The State Of Trade

Domestic business figures continue to reflect a high scale of operations. Steel operations moved closer to capacity mark. They are 98.1 per cent for this week, a gain of 1.2 points over last week. In actual tonnage of steel this means a new record for all time, totaling 1,521,000 tons.

National power production last week set a new record for all time, totaling 1,521,000 tons.

National power production last week set a new record of 3,289,692,000 kilowatt hours, up 17.8 per cent over the 1940 comparative. It compares with 3,233,278,000 kilowatt hours in the preceding week, the Edison Electric Institute reported today.

The labor situation continues to loom large. President Roosevelt appealed yesterday for elimination of strikes imperiling the defense program. It is not expected to have much effect on certain labor leaders. It is said that a great barrier to all-out industrial production is the new wave of strikes in defense plants. Steel lost in the Gary strike is equivalent to that needed in building 41 submarines, authorities state.

Another factor that does much to becloud the immediate business outlook is the priority situation which is causing so many shutdowns and is this week really beginning to bite into the country's industrial and economic structure. The Ford lay-off is only one instance of general unsettlement.

Government labor experts sought to combat the threatened dislocation of 250,000 non-defense workers in the automotive industry. Beset by the announced lay-off of 20,000 employees at Ford Motor Co. plants, high labor officials anticipated similar curtailment of work programs in General Motors and Chrysler plants, as well as at automotive accessory units across the nation. At a conference between union and Ford officials the dismissals were reduced to 5,400 workers by the "end of November."

An item that makes the labor outlook anything but heartening is the sharp gain registered by the CIO unions in September collective bargaining elections. CIO unions received almost 50 per cent of all votes cast in such elections last month. By comparison, A. F. of L. unions received less than 20 per cent of the votes cast, independent unions 14 per cent and over 16 per cent of the ballots were cast against all unions.

The strength of the CIO despite popular resentment against the very limited support it has given the defense program, indicates that employees have been impressed by the gains made by aggressive trade unionism in recent months. Now it is feared that the outcome of these elections may be to stimulate organizing campaigns, and thus lead to an increase in strikes.

While business generally is holding at a high level, there is much in the domestic and foreign situation that gives cause for concern. This is reflected in the action of the securities market, which has been anything but buoyant of late. Increased taxes, the priority situation and its damaging effects to non-defense business, proposed bills to limit profits from 6 to 8 per cent and the highly critical state of affairs in Russia, resulting from the new gigantic German drive, have all contributed their share to the uncertainty of the times.

Reports of a new large scale offensive against the Russians by the Germans, coupled with rumors of new peace proposals, the latter based on the assumption that Russia would not be able to continue the contest much longer—had anything but a wholesome effect in the financial district. The opinion in Wall Street is that, should there be a negotiated peace in the near future, a business depression could not be avoided, as companies and individuals are stocked with materials that can only be used in the event of a prolonged war.

Reports from Washington reflect the mounting problems and drastic measures under way to meet them. A far-reaching revenue and anti-inflation program designed to tax every man and woman in the nation on the basis of their ability to share in mounting defense expenditures and do their part toward preventing price advances is now being drawn up by financial experts of the Government. According to officials a plan to draw billions of dollars from next year's income into the Treasury's vaults is being considered.

Price Administrator Leon Henderson asserts inflation is now in its early stages. He says that if the trend is not checked, the nation will suffer severely.

There was some satisfaction in the financial district over the introduction of an over-all price control measure in Congress by Representative Gore, Democrat, of Tennessee. His bill proposes an all-out program to halt the climb in the cost of living by fixing wages, rents and wholesale prices of all commodities at present-day levels. The bill also proposes an 8 per cent profit limitation on all national defense contracts in excess of $10,000.

It is pointed out that the difference between the proposal of Mr. Gore and that of the Administration is that the Tennessee Representative is realistic and knows that price control measures which ignore labor costs and agriculture which makes up a good portion of the balance, cannot be effective measures. The Administration spokesman have studiously avoided attacking the sacred cows of labor costs and agricultural prices.

Revenue Freight Car Loadings During Week Ended Sept 27, 1941 Totaled 919,510 Cars

Loading of revenue freight for the week ended Sept. 27, totaled 919,510 cars, the Association of American Railroads announced on Oct. 2. The increase above the corresponding week in 1940 was 97,076 cars or 11.8%, and above the same week in 1939 and 89,814 cars or 10.8%.

Loading of revenue freight for the week of Sept. 27 increased 11,541 cars or 1.3% above the preceding week.

Miscellaneous freight loadings totaled 399,710 cars, a decrease of 764 cars below the preceding week, but an increase of 70,276 cars above the corresponding week in 1940.

Loading of merchandise less than carload lot freight totaled 160,593 cars, an increase of 369 cars above the preceding week, and an increase of 2,559 cars above the corresponding week in 1940.

Coal loading amounted to 170,759 cars, an increase of 11,770 cars above the preceding week, and an increase of 12,275 cars above the corresponding week in 1940.

Grain and grain products loading totaled 40,480 cars, a decrease of 4,359 cars below the preceding week, but an increase of 1,088 cars above the corresponding week in 1940. In the Western Districts alone, grain and grain products loading for the week of Sept. 27 totaled 26,869 cars, a decrease of 4,301 cars below the preceding week, but an increase of 827 cars above the corresponding week in 1940.

Live stock loading amounted to 16,513 cars, an increase of 1,031 cars above the preceding week, but a decrease of 1,004 cars below the corresponding week in 1940. In the Western Districts alone, loading of live stock for the week of Sept. 27 totaled 12,777 cars, an increase of 472 cars above the preceding week, but a decrease of 1,191 cars below the corresponding week in 1940.

Forest products loading totaled 46,288 cars, an increase of 924 cars above the preceding week, and an increase of 5,620 cars above the corresponding week in 1940.

Ore loading amounted to 71,267 cars, an increase of 1,546 cars above the preceding week, and an increase of 4,052 cars above the corresponding week in 1940.

Coke loading amounted to 13,900 cars, an increase of 1,024 cars above the preceding week, and an increase of 2,210 cars above the corresponding week in 1940.

All districts reported increases compared with the corresponding weeks in 1940 and 1939.

	1941	1940	1939
4 weeks of January	2,740,095	2,557,735	2,288,730
4 weeks of February	2,824,188	2,488,879	2,282,866
5 weeks of March	3,817,918	3,123,916	2,976,655
4 weeks of April	2,793,563	2,495,212	2,225,188
5 weeks of May	4,160,527	3,351,840	2,926,408
4 weeks of June	3,510,137	2,896,953	2,563,953
4 weeks of July	3,413,427	2,822,450	2,532,236
5 weeks of August	4,464,458	3,717,933	3,387,672
Week of September 6	797,740	695,094	662,357
Week of September 13	913,952	804,265	800,431
Week of September 20	907,969	813,329	809,752
Week of September 27	919,510	822,434	829,696
Total	31,263,484	26,590,040	24,285,944

The following table is a summary of the freight carloadings for the **separate railroads and systems** for the week ended Sept. 27, 1941. During this period 104 roads showed increases when compared with the same week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED SEPT. 27

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1941	1940	1939	1941	1940
Eastern District—					
Ann Arbor	649	544	671	1,592	1,369
Bangor & Aroostook	930	746	1,167	361	223
Boston & Maine	9,121	7,807	8,654	13,713	10,402
Chicago, Indianapolis & Louisville	1,697	1,769	1,814	2,545	2,622
Central Indiana	27	15	27	67	53
Central Vermont	1,488	1,326	1,346	2,586	2,096
Delaware & Hudson	7,839	5,219	6,023	11,695	7,911
Delaware, Lackawanna & Western	10,428	9,226	11,360	9,025	7,848
Detroit & Mackinac	317	430	483	182	111
Detroit, Toledo & Ironton	2,496	2,383	2,358	1,238	1,337
Detroit & Toledo Shore Line	351	320	315	3,601	3,431
Erie	16,443	14,214	14,197	16,104	14,351
Grand Trunk Western	5,633	5,235	4,534	8,895	8,262
Lehigh & Hudson River	203	258	135	2,792	2,221
Lehigh & New England	1,431	1,810	2,231	1,849	1,537
Lehigh Valley	9,579	9,907	10,155	9,744	6,991
Maine Central	3,254	2,832	2,977	2,632	1,923
Monongahela	6,700	5,150	5,026	422	247
Montour	2,670	2,301	2,253	46	31
New York Central Lines	53,409	49,040	46,542	52,250	44,150
N. Y., N. H. & Hartford	12,781	10,597	11,164	16,009	13,262
New York, Ontario & Western	1,432	1,215	1,213	2,464	1,712
N. Y., Chicago & St. Louis	7,455	6,493	7,466	14,262	11,708
N. Y., Susquehanna & Western	557	352	470	1,785	1,501
Pittsburgh & Lake Erie	8,749	7,988	7,541	8,839	8,121
Pere Marquette	6,769	6,494	6,618	6,795	5,647
Pittsburgh & Shawmut	857	956	654	41	69
Pittsburgh, Shawmut & North	416	386	527	516	271
Pittsburgh & West Virginia	1,294	1,111	1,176	2,801	1,800
Rutland	616	642	756	1,305	973
Wabash	6,109	5,645	6,061	10,979	9,703
Wheeling & Lake Erie	5,780	4,739	4,652	4,384	3,677
Total	187,480	167,150	170,566	211,519	175,560
Allegheny District—					
Akron, Canton & Youngstown	736	568	531	1,058	1,121
Baltimore & Ohio	42,976	36,871	36,475	23,628	19,579
Bessemer & Lake Erie	6,307	6,688	5,254	2,167	2,470
Buffalo Creek & Gauley *	306	320	335	5	5
Cambria & Indiana	1,953	1,635	1,683	9	12
Central R.R. of New Jersey	8,232	6,979	7,794	16,004	12,619
Cornwall	651	643	660	55	37
Cumberland & Pennsylvania	288	244	270	26	45
Ligonier Valley	119	138	198	33	64
Long Island	950	785	700	2,986	2,665
Penn-Reading Seashore Lines	2,038	1,607	1,584	2,201	1,612
Pennsylvania System	91,967	75,781	76,792	57,415	49,637
Reading Co.	17,555	15,254	15,565	24,663	19,633
Union (Pittsburgh)	21,004	19,540	16,230	6,821	5,922
Western Maryland	4,605	3,754	4,349	9,467	7,670
Total	199,667	170,807	168,420	148,538	123,091
Pocahontas District—					
Chesapeake & Ohio	30,228	27,680	29,117	13,380	12,810
Norfolk & Western	25,109	23,799	24,018	6,553	5,632
Virginian	4,584	4,940	4,387	2,143	1,810
Total	59,921	56,419	57,522	22,076	20,252
Southern District—					
Alabama, Tennessee & Northern	367	322	310	282	241
Atl. & W. P.—W. R.R. of Ala.	945	942	877	2,196	1,684
Atlanta, Birmingham & Coast	845	732	642	1,084	839
Atlantic Coast Line	10,672	9,613	8,246	7,234	5,904
Central of Georgia	4,563	4,239	4,022	3,996	3,585
Charleston & Western Carolina	458	480	485	1,600	1,170
Clinchfield	1,775	1,509	1,542	2,797	2,207
Columbus & Greenville	436	273	538	360	329
Durham & Southern	188	199	171	521	436
Florida East Coast	412	459	526	1,000	904
Gainsville Midland	35	32	46	74	107
Georgia	1,357	1,284	1,008	2,326	1,745
Georgia & Florida	442	307	366	627	442
Gulf, Mobile & Ohio	4,506	3,014	3,772	3,536	3,208
Illinois Central System	29,886	25,757	28,013	15,121	13,027
Louisville & Nashville	27,985	26,238	25,910	9,182	6,132
Macon, Dublin & Savannah	204	140	175	675	501
Mississippi Central	239	169	230	347	301
Nashville, Chattanooga & St. L.	3,835	3,219	3,215	3,326	2,888
Norfolk Southern	1,594	1,361	1,095	1,543	1,556
Piedmont Northern	495	400	474	1,614	1,201
Richmond Fred. & Potomac	498	419	431	5,889	3,728
Seaboard Air Line	10,296	9,522	8,593	7,017	5,239
Southern System	26,022	24,027	23,632	20,604	16,514
Tennessee Central	539	534	472	763	756
Winston-Salem Southbound	185	181	161	1,094	946
Total	128,779	115,372	114,952	94,808	75,590
Northwestern District—					
Chicago & North Western	22,803	22,525	22,895	14,437	12,227
Chicago Great Western	3,149	3,018	2,790	3,750	3,252
Chicago, Milw., St. P. & Pac.	24,174	22,430	23,534	10,410	8,868
Chicago, St. P., Minn. & Omaha	4,841	4,391	5,061	4,796	4,350
Duluth, Missabe & Iron Range	24,227	20,129	14,103	294	203
Duluth, South Shore & Atlantic	1,211	1,288	1,748	685	477
Elgin, Joliet & Eastern	10,439	9,726	8,058	8,882	7,318
Ft. Dodge, Des Moines & South	710	741	559	205	214
Great Northern	25,212	24,493	25,552	4,550	3,768
Green Bay & Western	651	555	874	780	718
Lake Superior & Ishpeming	2,105	3,410	3,452	94	66
Minneapolis & St. Louis	2,066	2,456	2,303	2,364	2,557
Minn., St. Paul & S. S. M.	8,026	7,400	8,299	3,428	2,722
Northern Pacific	13,172	11,648	12,265	5,149	4,019
Spokane International	201	269	274	354	344
Spokane, Portland & Seattle	2,725	2,143	1,673	2,612	2,137
Total	145,713	136,622	133,440	62,790	53,240
Central Western District—					
Atch. Top. & Santa Fe System	23,117	20,867	23,434	9,524	6,974
Alton	3,417	3,057	3,294	2,941	2,301
Bingham & Garfield	688	611	382	104	71
Chicago, Burlington & Quincy	18,836	17,907	18,057	11,429	10,146
Chicago & Illinois Midland	2,770	2,357	1,974	1,134	847
Chicago, Rock Island & Pacific	14,060	13,300	13,867	11,423	9,860
Chicago & Eastern Illinois	2,912	3,018	3,102	3,043	2,800
Colorado & Southern	917	666	927	1,730	1,347
Denver & Rio Grande Western	4,242	4,278	4,054	5,398	4,195
Denver & Salt Lake	1,038	1,112	1,048	42	15
Fort Worth & Denver City	1,016	1,076	1,155	1,209	1,034
Illinois Terminal	2,034	1,760	2,071	2,029	1,585
Missouri-Illinois	1,181	908	1,393	475	484
Nevada Northern	2,015	1,855	1,917	133	122
North Western Pacific	1,263	907	849	558	428
Peoria & Pekin Union	7	6	10	0	0
Southern Pacific (Pacific)	32,985	27,314	26,653	8,099	5,368
Toledo, Peoria & Western	382	357	424	1,696	1,384
Union Pacific System	17,948	15,694	16,859	13,977	10,596
Utah	571	600	461	14	8
Western Pacific	2,476	1,831	1,942	3,632	2,898
Total	133,855	119,481	123,873	78,590	62,463
Southwestern District—					
Burlington-Rock Island	238	182	221	276	318
Gulf Coast Lines	3,200	2,635	2,357	2,102	1,460
International-Great Northern	2,074	2,014	2,128	2,184	2,182
Kansas, Oklahoma & Gulf	297	271	377	1,249	995
Kansas City Southern	2,797	2,489	2,070	2,952	2,179
Louisiana & Arkansas	2,853	2,028	2,201	2,189	1,529
Litchfield & Madison	352	408	410	1,207	976
Midland Valley	964	661	918	330	233
Missouri & Arkansas	197	224	283	429	316
Missouri-Kansas-Texas Lines	5,037	4,757	5,349	3,815	3,191
Missouri Pacific	19,320	17,146	18,521	13,738	10,772
Quanah Acme & Pacific	113	138	89	172	210
St. Louis-San Francisco	10,738	8,727	9,749	6,152	5,128
St. Louis Southwestern	3,545	2,912	3,524	3,617	2,404
Texas & New Orleans	7,943	7,492	7,536	4,082	3,253
Texas & Pacific	4,232	4,337	4,968	5,416	3,697
Wichita Falls & Southern	174	146	203	60	51
Weatherford M. W. & N. W.	21	16	19	49	18
Total	64,095	56,583	60,923	50,019	38,912

Note—Previous year's figures revised. * Previous figures.

Petroleum And Its Products

The same shortage of materials and labor that forced the temporary deferment of the Texas-East Coast pipeline has caused the major oil companies who had planned the building of a jointly-owned shipyard for the construction of 36 tankers to relieve the shortage of tankers in the Gulf Coast-Atlantic Coast run to abandon their plans, it was announced in New York City on Tuesday.

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Following conferences with representatives of the Maritime Commission at which the oil companies found out that the steel, machinery and labor required for the program would not be available unless taken from going plants at the expense of the current shipbuilding program, the decision to abandon the plan was reached. Companies participating in the proposed construction work included—Cities Service, Consolidated Oil, Gulf Oil, Pan American Petroleum & Transport, Shell Union, Socony-Vacuum, Atlantic Refining, Texas, Tide Water Associated, Sun and Standard Oil (N. J.).

"When the presidents of these companies were called together last spring to discuss measures for making up the deficiency in transportation caused by the withdrawal of United States for use by the British they had two major construction programs in mind," a statement issued by Standard Oil Co. (N. J.) said. "The first was a crude pipeline from Texas to Philadelphia and New York. This now is awaiting a decision on priority for the required steel tonnage. The other was a proposal to put up new shipbuilding plants for tankers on the Atlantic seaboard or the Gulf, or to build hulls in Pittsburgh to be floated down the Ohio and Mississippi rivers. It was thought that 36 new tankers might be provided in this way, there being no open capacity for their construction in any of the established yards.

"The oil companies made an investigation of the possibilities of creating new facilities and several conferences were held with the United States Martime Commission" it was continued. "The companies have been notified that it is the Commission's view that there will not be available the steel, machinery or skilled labor for the new yards and that if they were to be undertaken it might be at the expense of the program now being carried on through existing yards. The Maritime Commission some months ago placed orders for 72 tankers to be laid down at the Sun Yard in Chester, Pa. It is reported that, in addition, the Commission has more recently arranged for building 64 additional tankers when ways are available."

It was indicated in reports from Washington this week that the SPAB may reconsider its decision in the matter of the proposed pipeline from Texas to the East Coast and issue priorities making available seamless steel tubes to the petroleum industry for such construction. However, since the companies involved in the plan dropped their financial arrangements completely following their original turndown by the SPAB, considerable time to revive these and such other details as right-of-way purchases, etc., would be required before any actual start could be made upon construction of the pipeline. Oilmen feel that the line could not be finished until mid-1943, at the earliest.

After J. J. Pelley reported in his second appearance before the Maloney Senate Committee investigating the East Coast shortage that his original figure of 20,000 idle tank cars, called inaccurate by Petroleum Coordinator Ickes in his appearance before the Committee last Wednesday, was "conservative," Chairman Maloney issued a statement on October 3 that in the opinion of the Committee the situation was little changed from that prevailing at the time the Committee originally found that there was no shortage of petroleum products but merely a shortage of "surplus" on the East Coast. The Committee's action was seen in the trade as a direct repudiation of Coordinator Ickes since he testified that he could find only 5,192 idle tank cars available in a survey made by his office, and furthermore said that Mr. Pelley's original figure of 20,000 tank cars was incorrect.

A new figure entered into the two-way fight between the Petroleum Coordinator and Mr. Pelley as J. A. Moffett, Chairman of the board of the California-Texas Oil Co., hinted in Washington on October 3 that full Federal control of the oil industry may be the motive behind the Government's insistent claims of a petroleum shortage. Mr. Moffett disputed the statements made by Mr. Ickes and his assistant, Mr. Davies, but added that if there is a shortage, it could be corrected almost immediately. The Federal control angle entered the picture when Mr. Moffett replied to a question as to what was back of the Coordinator's claim of shortage with "Do they want to disrupt the industry to bring about full Federal control."

Although Mr. Moffett appeared to side with Mr. Pelley, he insisted the real issue is whether tank cars are being fully utilized, contending that more efficient use of tank cars in the East would settle the supply problem there. "Disregard the present petty squabble on the tank car subject and look at the record," he said. "In 1917, a total of 57,000 oil tank cars moved 30,500,000 tons of petroleum products; 23 years later, 1940, 148,000 tank cars moved only 60,000,000 tons of petroleum products. Two and six-sixteenths as

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Petroleum And Its Products

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many tank cars as in 1917—moving only twice as much oil.

"If we were now doing as well as we did in 1917 we would be moving 80,000,000 tons a year instead of 60,000,000 tons . . . and if we were as smart as we were in 1917 this extra 20,000,000 tons of petroleum products moved would mean an extra 383,000 barrels of oil daily. The shortage created by British needs and our loan of our tankers to the British created a shortage of only 200,000 barrels daily, according to the statement of the Petroleum Coordinator."

Mr. Moffett also announced that he had information that the British have offered and are anxious to send back tankers that have been borrowed, and that these tankers have been sent to the Dutch East Indies, South America and Australia under orders from Mr. Ickes' office. That the British are preparing to return tankers was confirmed in an announcement from Mr. Ickes on October 7 that due to the drop in shipping losses in the Battle of the Atlantic, the British can return, at least temporarily, 12 to 15 tankers. What use will be made of these tankers, and whether or not their return will relieve the present shortage on the East Coast was not discussed by Mr. Ickes.

Prior to Mr. Ickes disclosure of the contemplated return of the lend-lease tankers, Mr. Moffett had called for the immediate recovery of at least six tankers for the West Coast "where another unnecessary shortage is being created." Following his press conference last Friday, Mr. Moffett directed another blast at the Petroleum Coordinator following the news of the torpedoing of the American tanker I. C. White while carrying oil from Curacao to Cape Town. With petroleum stocks in South Africa at record highs, Mr. Moffett on Monday said that it was "disgraceful and outrageous" that the tanker White should have been taking more oil there when there is talk of a shortage in the United States. He pointed out that the normal source of supply for South Africa is Bahrein or Iran in the Persian Gulf, only 5,000 miles distance in contrast to the 7,000-mile distance from Curacao to Cape Town.

No announcement was made this week of any decision on the part of the American oil companies who lost approximately $150,000,000 of properties in the 1938 expropriation movement of the Cardenas Administration in Mexico in answer to the offer for settlement turned over to the companies by Secretary of State Hull last week. A story that Mexico would settle all general claims and achieve the first steps in settlement of the oil problem by October 9 was characterized as premature in Washington by Secretary of State Hull at a press conference on Friday.

A sharp slump in production in Texas was the main cause of a decline of 199,250 barrels in daily average output of crude oil in the United States during the week ended October 4 to 3,860,750 barrels, sharply under the October market demand estimate of the Bureau of Mines of 4,012,900 barrels. The American Petroleum Institute report disclosed a decline of 218,550 barrels in Texas production of crude oil, with higher totals in most of the other oil-producing states offsetting this somewhat. Stocks of domestic and foreign crude oil gained 149,000 barrels during the September 27 week, rising to 246,649,000 barrels, the Bureau of Mines reported this week. Inventories of U. S. crude were up 473,000 barrels but a slump of 324,000 barrels in stocks of imported crude offset this increase.

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Electric Output for Week Ended Oct. 4, 1941 Shows Gain of 17.8% Over Like Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Oct. 4, 1941, was 3,289,692,000 kwh. The current week's output is 17.8% above the output of the corresponding week of 1940; when production totaled 2,792,067,000 kwh. The output for the week ended Sept. 27, 1941, was estimated to be 3,233,278,000 kwh., an increase of 14.8%, over the like week a year ago.

PERCENTAGE INCREASE FROM PREVIOUS YEAR

Major Geographic Regions	*Week Ended Oct. 4, '41*	*Week Ended Sept. 27, '41*	*Week Ended Sept. 20, '41*	*Week Ended Sept. 13, '41*
New England	19.9	18.9	18.4	19.6
Middle Atlantic	14.8	10.8	14.2	16.1
Central Industrial	20.7	17.4	18.2	19.6
West Central	16.8	13.1	13.6	13.8
Southern States	20.2	16.8	22.6	27.1
Rocky Mountain	19.1	17.1	10.3	7.4
Pacific Coast	x10.4	9.6	x10.7	x10.8
Total United States	17.8	14.8	16.7	18.3

x Percentage should be higher; data under revision.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended	1941	1940	*Percent Change 1941 from 1940*	1939	1938	1937
June 7	3,042,128	2,598,812	+17.1	2,328,756	2,056,509	2,266,759
June 14	3,066,047	2,664,853	+15.1	2,340,571	2,051,006	2,260,771
June 21	3,055,841	2,653,788	+15.2	2,362,436	2,082,232	2,287,420
June 28	3,120,780	2,659,825	+17.3	2,395,857	2,074,014	2,285,362
July 5	2,866,865	2,425,229	+18.2	2,145,033	1,937,486	2,139,281
July 12	3,141,158	2,651,626	+18.5	2,402,893	2,154,099	2,358,438
July 19	3,162,586	2,681,071	+18.0	2,377,902	2,152,779	2,321,531
July 26	3,183,925	2,760,935	+15.3	2,426,631	2,159,667	2,312,104
Aug. 2	3,226,141	2,762,240	+16.8	2,399,805	2,193,750	2,341,103
Aug. 9	3,196,009	2,743,284	+16.5	2,413,600	2,198,266	2,360,930
Aug. 16	3,200,818	2,745,697	+16.6	2,453,556	2,206,560	2,365,859
Aug. 23	3,193,404	2,714,193	+17.7	2,434,101	2,202,454	2,351,233
Aug. 30	3,223,609	2,736,224	+17.8	2,442,021	2,216,648	2,380,301
Sept 6	3,095,746	2,591,957	+19.4	2,375,852	2,109,985	2,211,398
Sept 13	3,281,290	2,773,177	+18.3	2,532,014	2,279,233	2,338,370
Sept 20	3,232,192	2,769,346	+16.7	2,538,118	2,211,059	2,231,277
Sept 27	3,233,278	2,816,358	+14.8	2,558,538	2,207,942	2,331,415
Oct. 4	3,289,692	2,792,067	+17.8	2,554,290	2,228,586	2,339,384
Oct. 11	------	2,817,465	---	2,583,366	2,251,089	2,324,750
Oct. 18	------	2,837,730	---	2,576,331	2,281,328	2,327,212
Oct. 25	------	2,866,827	---	2,622,267	2,283,831	2,297,785
Nov. 1	------	2,882,137	---	2,608,864	2,270,534	2,245,449

DATA FOR RECENT MONTHS (Thousands of Kilowatt-Hours)

	1941	1940	*Percent Change 1941 from 1940*	1939	1938	1937
January	13,149,116	11,683,430	+12.5	10,183,400	9,290,754	9,787,901
February	11,831,119	10,589,428	+11.7	9,256,313	8,396,231	8,911,125
March	12,882,642	10,974,335	+17.4	10,121,459	9,110,808	9,886,443
April	12,449,229	10,705,682	+16.3	9,525,317	8,607,031	9,573,698
May	13,218,633	11,118,543	+18.9	9,868,962	8,750,840	9,665,137
June	13,231,219	11,026,943	+20.0	10,068,845	8,832,736	9,773,908
July	----------	11,616,238	---	10,185,255	9,170,375	10,036,410
August	----------	11,924,381	---	10,785,902	9,801,770	10,308,884
September	----------	11,484,529	---	10,653,197	9,486,866	9,908,314
October	----------	12,474,727	---	11,289,617	9,844,519	10,065,805
November	----------	12,213,543	---	11,087,866	9,893,195	9,506,495
December	----------	12,842,218	---	11,476,294	10,372,602	9,717,471
Total for yr.		138,653,997		124,502,309	111,557,727	117,141,591

Steel Production Curtailed by Labor Trouble, Scrap Shortages and Priority Curtailments

The "Iron Age" in its issue of Oct. 9 reported that obstacles preventing the full use of many of the nation's steel and metal-working plants this week overshadowed the very substantial efforts being made to increase industrial capacity for national defense.

To many observers it seemed that these obstacles, which include (1) strikes and slowdowns, (2) shortages of iron and steel scrap, and other vital raw materials, and (3) priorities curtailments and shutdowns—all involving the use of existing equipment—were getting relatively less attention from Washington than the subject of industrial expansion.

Under the SPAB-approved plan for new steel plant capacity a tremendous strain will be thrown on suppliers of steel plant equipment, despite the use of highest priority ratings, and will not completely fill defense and civilian needs for steel.

Of more immediate significance than added steel capacity are the priority shutdowns which this week really began to bite into the country's industrial and economic structure.

The Ford layoff is only one. The workings of the priorities system of distributing metals and other materials is expected to result in the temporary wide-spread unemployment.

Meanwhile a non-integrated sheet mill in the Midwest has suspended production, due to lack of sheet bars and its officers are reported considering liquidation of its business.

Another barrier to all-out industrial production, perhaps in time to be the more dangerous, is the new wave of strikes in defense plants. Steel lost in the Gary strike is equivalent to that needed in building 41 submarines.

The wave of recent labor disputes may be the preliminary rounds in an industry-wide showdown in steel on the closed shop and "Maintenance of Membership" issues raised by Union leaders.

Many steel companies continue to remain on the ragged edge as far as scrap supplies are concerned. Should anything interfere with incoming shipments of scrap many steel units would be forced down immediately because of the decline, or, in some cases, disappearance of inventories.

Since several steel plants were forced to curtail operations, due to lack of scrap and because of the Gary strike, the national rate of steel production dropped a half point to 98% from 98.5% last week Pittsburgh district operations rose one point to 100%, and the Valleys (Youngstown) two points to 102%. The Chicago rate declined eight points to 93%.

Meanwhile the volume of steel specifications in the past week has again turned upward and steel companies in some instances are booking orders for 10 to 25% more steel than they are producing or shipping. Consequently steel backlogs are again increasing, and in view of the obstacles to higher production, are likely to remain at record levels for some time to come.

Production of coke pig iron in September, according to an "Iron Age" survey, totaled 4,716,901 net tons compared with 4,791,432 tons in August. Output on a daily basis last month showed a gain of 1% over that in August, or from 154,562 tons to 157,230 tons. The operating rate for this industry was 98.8% of capacity in September, compared with 97.5% in August. On Oct. 1, there were 216 furnaces in blast, compared with 213 in blast on Sept. 1.

Fabricated structural steel awards of 8,400 tons are the lowest for any week this year, the only lettings of size being 3,000 tons at South Boston, Mass., for a Navy Yard dock building, and 1,000 tons for a Los Angels River bridge at Los Angeles. New structural steel projects dropped to 9,200 tons from 21,725 tons last week.

Reinforcing steel awards of 11,855 tons compare with 38,125 tons last week, with the largest contracts being 3,200 tons for a sewer project in the Borough of Queens, New York, and 2,200 tons at Seattle for an Army Quartermaster Corps pier.

THE "IRON AGE" COMPOSITE PRICES

Finished Steel

Oct. 7, 1941, 2.30467c. a Lb.

One week ago	2.30467c.
One month ago	2.30467c.
One year ago	2.30467c.

A weighted index based on steel bars, beams, tank plates, wire, rails, black pipe, hot and cold-rolled sheets and strip. These products represent 78% of the United States output.

	High		*Low*	
1941	2.30467c.	Sep 2	2.30467c.	Sep 2
1940	2.30467c.	Jan 2	2.24107c.	Apr 16
1939	2.35367c.	Jan 3	2.26689c.	May 16
1938	2.58414c.	Jan 4	2.27207c.	Oct 18
1937	2.58414c.	Mar 9	2.32263c.	Jan 4
1936	2.32263c.	Dec 28	2.05200c.	Mar 10
1935	2.07642c.	Oct 1	2.06492c.	Jan 8
1934	2.15367c.	Apr 24	1.95757c.	Jan 2
1933	1.95578c.	Oct 3	1.75836c.	May 2
1932	1.89196c.	Jly 5	1.83901c.	Mar 1
1931	1.99629c.	Jan 13	1.86586c.	Dec 29
1930	2.25488c.	Jan 7	1.97319c.	Dec 9
1929	2.31773c.	May 28	2.26498c.	Oct 29

Pig Iron

Oct. 7, 1941, $23.61 a Gross Ton

One week ago	$23.61
One month ago	23.61
One year ago	22.61

Based on averages for basic iron at Valley furnaces and foundry iron at Chicago, Philadelphia, Buffalo, Valley and Southern iron at Cincinnati.

	High		*Low*	
1941	$23.61	Mar 20	$23.45	Jan 2
1940	23.45	Dec 23	22.61	Jan 2
1939	$22.61	Sep 19	$20.61	Sep 12
1938	23.25	Jun 21	19.61	Jly 6
1937	23.25	Mar 9	20.25	Feb 16
1936	19.74	Nov 24	18.73	Aug 17
1935	18.84	Nov 5	17.83	May 14
1934	17.90	May 1	16.90	Jan 27
1933	16.90	Dec 5	13.56	Jan 3
1932	14.81	Jan 5	13.56	Dec 6
1931	15.90	Jan 6	14.79	Dec 15
1930	18.21	Jan 7	15.90	Dec 16
1929	18.71	May 14	18.21	Dec 17

Steel Scrap

Oct. 7, 1941, $19.17 a Gross Ton

One week ago	$19.17
One month ago	19.17
One year ago	20.54

Based on No. 1 heavy melting steel scrap quotations to consumers at Pittsburgh, Philadelphia, and Chicago.

	High		*Low*	
1941	$22.00	Jan 7	$19.17	Apr 10
1940	21.83	Dec 30	16.04	Apr 9
1939	22.50	Oct 3	14.08	May 16
1938	15.00	Nov 22	11.00	Jun 7
1937	21.92	Mar 30	12.92	Nov 10
1936	17.75	Dec 21	12.67	Jun 9
1935	13.42	Dec 10	10.33	Apr 29
1934	13.00	Mar 13	9.50	Sep 25
1933	12.25	Aug 8	6.75	Jan 3
1932	8.50	Jan 12	6.43	Jly 5
1931	11.33	Jan 6	8.50	Dec 29
1930	15.00	Feb 18	11.25	Dec 9
1929	17.58	Jan 29	14.08	Dec 3

The American Iron and Steel Institute on Oct. 6 announced that telegraphic reports which it had received indicated that operating rate of steel companies having 91% of the steel capacity of the industry will be 98.1% of capacity for the week beginning Oct. 6, compared with 96.9% one week ago, 96.9% one month ago and 94.2% one year ago. This represents an increase of 1.2% points or 1.2%, from the preceding week. Weekly indicated rates of steel operations since Oct. 7, 1940, follow:

1940—		1941—		Mar 24	99.8%	Jun 30	x91.8%
Oct 7	94.2%	Jan 6	97.2%	Mar 31	99.2%	Jly 7	x94.9%
Oct 14	94.4%	Jan 13	98.5%	Apr 7	99.3%	Jly 14	x95.2%
Oct 21	94.9%	Jan 20	96.5%	Apr 14	98.3%	Jly 21	x96.0%
Oct 28	95.7%	Dec 30	95.9%	Apr 21	96.0%	Jly 28	x97.6%
Nov 4	96.0%	Jan 27	97.1%	Apr 28	94.3%	Aug 4	x96.3%
Nov 11	96.1%	Feb 3	96.9%	May 5	96.8%	Aug 11	x95.6%
Nov 18	96.6%	Feb 10	97.1%	May 12	99.2%	Aug 18	x96.2%
Nov 25	96.6%	Feb 17	94.6%	May 19	99.9%	Aug 25	x96.5%
Dec 2	96.9%	Feb 24	96.3%	May 26	98.6%	Sep 2	x96.3%
Dec 9	96.0%	Mar 3	97.5%	Jun 2	99.2%	Sep 8	96.9%
Dec 16	96.8%	Mar 10	98.8%	Jun 9	98.6%	Sep 15	96.1%
Dec 23	80.8%	Mar 17	99.4%	Jun 16	99.0%	Sep 22	96.8%
				Jun 23	99.9%	Sep 29	96.9%
						Oct 6	98.1%

x The revisions in the rates published for previous weeks reflect the recently announced increased capacity of the industry, rated as of June 30, 1941.

"Steel" of Cleveland, in its summary of the iron and steel markets on Oct. 6, stated:

Expected curtailment of steel production resulting from scrap shortage now has begun to appear. At least five open hearths were taken off last week by producers in Ohio and Pennsylvania. At Chicago the situation is critical and unless scrap supply is larger in the next few weeks steel output will be seriously cut in November. Detroit steelmakers have so little material on hand that they may be forced to take off some open hearths this week.

Recent action by OPM to allow higher prices for remote scrap is not considered an important factor in future supplies as much of this material was picked up before Sept. 1, when ceiling prices were being violated.

September bookings, though heavy, were smaller than for several months and for the first time in many months some mills found shipments in September were equal to bookings. One cause is realization by civilian consumers that it is futile to seek more tonnage while the heavy orders now on books remain unshipped. Strict inventory control is another factor, reducing tendency to hoard. Although instances occur where consumption in manufacturing is held up by lack of material the situation is not yet as bad as feared. In by far the greater number of cases steel is being shipped as fast as needed. Last week some revival of inquiry was noted, indicating heavier demand in October.

While steelmakers are still confronted by much detailed paper work under OPM priority the situation is beginning to ease. Filing of PD-73 forms has been done by all customers of some mills and others have received them from 90% of their customers. The situation is complicated by instances of tonnage already scheduled under one priority being given a higher rating, forcing numerous changes in rolling schedules.

September pig iron production at 4,725,292 net tons was third largest of all time, compared with 4,784,639 tons in August. Due to the shorter month the daily rate of production exceeded that of August and at 157,510 tons is an all-time high. The daily rate was 154,343 tons in August. Production in September was at the rate of 99.4% of capacity. Blast furnaces active at the end of the month numbered 219, four more than at the end of August.

Trend of productions of finished steel is shown in the report of the American Iron and Steel Institute for August. Total production was 5,573,666 net tons, which was 6.7% greater than in July and 19.9% greater than in August, 1940. At 42,749,649 tons, eight months output this year was 44.8% greater than in the corresponding months last year.

A new extra list covering alloy steels has been issued, superseding the previous list of Sept. 1, 1940. This eliminates the former standard practice manual and conforms to the steel products manual recently issued by the American Iron and Steel Institute. Changes in practically all extras have been made to adjust to the new lineup.

Lake Superior iron ore shipments in September set a new record for that month, at 10,311,517 gross tons, compared with 9,990,613 tons in the same month last year. This fell below the all-time high made in August, 11,496,303 tons. To Oct. 1 cumulative shipments for the season totaled 62,024,228 tons, 13,789,001 tons over the same period in 1940. This is close to the record total for an entire season, 65,204,600 tons, set in 1929.

Productions was unchanged last week at 96% for the third consecutive week. Chicago gained one-half point to 101.5, Wheeling three points to 94, Cleveland two points to 97.5 and Detroit two points to 89%. Eastern Pennsylvania declined one point to 94, New England seven points to 83, Cincinnati two points to 81 and St. Louis eight points to 83. Rates were unchanged in the remaining districts; Pittsburgh 98, Buffalo 90.5, Birmingham 95 and Youngstown 98%.

Automotive builders last week produced 76,820 units, compared with 78,535 the preceding week. This compared with 105,153 in the corresponding week last year.

Composites, based on fixed prices under OPM, remain unchanged at $56.60 for finished steel, $38.15 for iron and steel and $19.16 for steelworks scrap.

Steel ingot production for the week ended Oct. 6, is placed at 98% of capacity, unchanged from the previous week, in the compilation by Dow, Jones & Co., Inc. Two weeks ago the rate was 97½%.

U. S. Steel is estimated at 98%, compared with 99% in the preceding week and 98% two weeks ago. Leading independents are credited with 98%, against 97½% in the week before and 97% two weeks ago.

The following table gives a comparison of the percentage of production with the nearest corresponding week of previous years, together with the approximate changes, in points, from the week immediately preceding:

	Industry		U. S. Steel		Independents	
1941	98		98	— 1	98	+ ½
1940	93	+ ½	95	+ 1	92½	+ ½
1939	89	+ 3	85½	+ 3½	89½	+ 2½
1938	49	+ 1½	45	+ 3	52½	
1937	65	— 6	56	—10	72	— 3
1936	75½		70½		79½	
1935	52½		41½		62	
1934	24	— ½	21½		25½	— 1
1933	38	— 2	35	— 2	40	— 2
1932	19½	+ 2	19	+ 1	20	+ 3
1931	29	— ½	32		28	
1930	55	— 1½	60	— 1½	51½	— 1½
1929	79	— 5	82	— 7	77	— 3
1928	87½	+ ½	87	— 2	88	+ 2

Weekly Coal and Coke Production Statistics

The latest weekly coal report of the Bituminous Coal Division U. S. Department of the Interior, revealed that the total production of soft coal in the week ended Sept. 27 is estimated at 10,950,000 net tons, as against 9,930,000 tons in the preceding week, when lowered output reflected the suspension of activity at "captive mines." Production in the week of Sept. 28, 1940, amounted to 10,201,000 tons.

The U. S. Bureau of Mines in its weekly report stated that the production of Pennsylvania anthracite for the week ended Sept. 27 was estimated at 1,151,000 tons, an increase of 10,000 tons over the preceding week. Output in the corresponding week of 1940 amounted to 952,000 tons.

ESTIMATED UNITED STATES PRODUCTION OF SOFT COAL, IN THOUSANDS OF NET TONS WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM

	Week Ended			Calendar Year to Date—c		
Bituminous coal—a	Sept. 27 1941	Sept. 20 1941	Sept. 28 1940	1941d	1940	1929
Total including mine fuel	10,950	9,930	10,201	360,462	331,098	388,948
Daily average	1,825	1,655	1,700	1,589	1,443	1,686
Crude petroleum—b						
Coal equivalent of weekly output	6,503	6,526	6,087	233,739	231,308	172,084

(a) Includes for purposes of historical comparison and statistical convenience the production of lignite. (b) Total barrels produced during the week converted to equivalent coal assuming 6,000,000 B.t.u. per barrel of oil and 13,100 B.t.u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal. (Minerals Yearbook 1938, page 702.) (c) Sum of 39 weeks ended September 27, 1941, and corresponding 39 weeks in 1940 and 1929. (d) Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND BEEHIVE COKE (IN NET TONS)

	Week Ended			Calendar Year to Date		
	Sept. 27 1941	Sept. 20 1941	Sept. 28 1940	1941	1940 a	1929 a
Penn Anthracite—						
Total, incl. colliery fuel b	1,151,000	1,141,000	952,000	40,622,000	37,617,000	51,989,000
Comm'l prod'n c	1,093,000	1,084,000	904,000	38,596,000	35,736,000	48,246,000
Beehive Coke—						
U. S. total	135,700	132,700	68,500	4,513,900	1,736,100	5,115,200
Daily average	22,617	22,117	11,417	19,541	7,516	22,144

(a) Adjusted to comparable periods in the three years. (b) Includes washery and dredge coal, and coal shipped by truck from authorized operations. (c) Excludes colliery fuel.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES

(In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended					Sept. average
State:	Sept. 20, 1941	Sept. 13, 1941	Sept. 21, 1940	Sept. 23, 1939	Sept. 21, 1929	1923 e
Alaska	3	4	3	4	(f)	(f)
Alabama	222	300	260	263	347	406
Arkansas and Oklahoma	106	102	82	62	134	96
Colorado	161	167	133	127	256	214
Georgia and North Carolina	1	1	1	1	(f)	(f)
Illinois	998	990	962	981	1,304	1,587
Indiana	482	459	352	330	373	550
Iowa	40	43	60	60	99	117
Kansas and Missouri	158	145	127	113	149	168
Kentucky—Eastern	878	983	797	893	976	713
Western	210	210	166	173	303	248
Maryland	42	46	26	34	44	40
Michigan	5	7	9	15	17	27
Montana	76	80	49	51	79	68
New Mexico	24	27	13	20	49	56
North and South Dakota	37	43	32	41	f 59	f 27
Ohio	646	685	467	458	488	861
Pennsylvania bituminous	2,204	2,710	2,388	2,213	2,858	3,585
Tennessee	139	145	113	125	105	119
Texas	8	8	12	17	19	26
Utah	96	101	87	102	113	103
Virginia	385	411	305	345	261	245
Washington	40	43	32	36	47	58
West Virginia—Southern a	2,023	2,304	2,067	2,068	2,096	1,474
Northern b	792	853	663	680	729	857
Wyoming	152	163	114	132	158	165
Other Western States c	2	*	1	*	f 5	f 4
Total bituminous coal	9,930	11,030	9,321	9,344	11,068	11,814
Pennsylvania anthracite d	1,141	1,235	1,115	1,362	1,564	714
Total, all coal	11,071	12,265	10,436	10,706	12,632	12,528

a Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. b Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. c Includes Arizona, California, Idaho, Nevada, and Oregon. d Data for Pennsylvania anthracite from published records of the Bureau of Mines. e Average weekly rate for entire month. f Alaska, Georgia, North Carolina, and South Dakota included with "other Western States." * Less than 1,000 tons.

On The Foreign Front

European Markets

Uneasy sessions have been the rule on leading European stock markets, since the German Nazis launched another great campaign against Russia on Oct. 1. The outcome of the latest battle may be indicative for Russia's position in the European struggle. The London Stock Exchange firmed slightly when agreements were reached in Moscow on aid from the democracies. But the more ominous rumors and reports available in recent days turned the London sessions pessimistic. Recessions were modest, however, since it is not yet clear whether the ultimate stages in the conflict have been reached.

Dealings on the Continental markets were exceedingly modest in all sessions. Liquid funds are reported "superabundant" in France, which is another way of saying that inflationary trends are sharply at work. Some of the funds are finding their way into French stocks and rentes. On the Amsterdam market the trend was weak, owing to fears that the Nazi overlords will clamp down on the speculation in much the same manner that a quietus was put on the movement in Berlin.

Foreign Policy

Strenuous efforts were made in Washington this week to find a means for revising or repealing the neutrality enactments, as the next step in the program which President Roosevelt is pursuing in the world crisis. This move, heralded some weeks ago by the usual preliminary urgings of Cabinet Ministers and other White House spokesmen, appears to be more troublesome than had been anticipated. Sentiment in Congress admittedly is strong for maintenance of the safeguards against American involvement in the war, and there is even talk of a filibuster in the event of drastic proposals tending to lead the country toward intervention.

President Roosevelt held long conferences Tuesday and Wednesday with his advisers and with leaders of the Senate and the House. It became clear that the President desires changes which would permit the arming of American merchant ships and voyages by such vessels into belligerent waters. In commenting on Panamanian regulations prohibiting the arming of ships of that nation, Mr. Roosevelt remarked in a press conference, Tuesday, that this emphasizes the need for changes in our laws on neutrality. Whether such arguments will impress Congress remains to be seen.

A further ship-sinking incident was reported last Saturday, when it became known that the Panama flag tanker I. C. White, 7,052 tons, has been torpedoed without warning and sunk some 450 miles off the coast of Brazil. The ship was formerly of U. S. registry, and was reported armed under the Panama flag and utilized in the transport of oil to British African possessions. All but three or four of the crew of 38 were rescued, but this fresh incident nevertheless made a deep impression. Panama apparently found the use of its flag disconcerting, in the circumstances, and prohibited the arming of its merchant ships. Secretary of State Cordell Hull denounced the sinking as "another act of lawlessness, piracy and attempted frightfulness in connection with the general movement to drive people off the Atlantic as part of the world movement of conquest."

Secretary of the Navy Frank Knox last week provided a sort of preview of the post-war position that the United States should occupy, in the opinion of the Administration. He urged that defeat of the totalitarian Powers should be made the national policy and remarked that the United States as yet is contributing "only a part of our share" toward this end. After defeat of the aggressors, Mr. Knox added, the United States and Great Britain must join hands "for at least 100 years" to police the world and stop new aggressions.

The part already being played by the United States now is a matter of official secrecy, with the veil lifted only occasionally when it so suits the Administration. Two weeks after the event it was disclosed that major units of the United States Army had arrived in Iceland, in mid-September, to augment the naval forces previously landed and the British forces which, according to solemn but disregarded diplomatic statements, were to be withdrawn after arrival of our own men. No information is available regarding the Atlantic patrol, convoying and other measures taken in the step-by-step involvement of the United States in foreign war.

Moscow and Washington

Proposals of the Roosevelt Administration to extend lend-lease aid to Russia have occasioned an illuminating exchange between Washington and Moscow respecting religious tolerance in the Soviet Union. The exchange makes it fairly clear, once again, that Moscow fully maintains the attitude that religion is the opiate of the people. Religious practices are not strictly forbidden by the Communist Constitution, but proselytizing is prohibited, whereas propaganda against religion is encouraged.

These are fairly well known circumstances and they have occasioned, properly enough, a good deal of earnest opposition to the inclusion of Soviet Russia in the lend-lease scheme. With the obvious aim of tempering the opposition, President Roosevelt endeavored last week to describe the Soviet Government's attitude toward religious tolerance as much like that of the United States, under the Bill of Rights. The attempts failed dismally as spokesmen for various denominations made the facts clear. It appeared last Saturday that the religious question has been pressed at Moscow through the offices of W. Averill Harriman, head of the American mission discussing aid to Russia. An official statement was issued in the Russian capital, citing the provisions of the Soviet Constitution on this point. Nothing was gained thereby and, presumably, nothing was lost.

The problem of aid to Russia remains unsettled, meanwhile, despite the conference in Moscow of Russian, British and American representatives, which ended two days ahead of schedule, on Oct. 2. The sessions lasted only three days, instead of the five originally planned, and no explanation so far has been vouchsafed. Results, as announced in a joint Anglo-American communique and in a special Russian statement, can hardly be described as impressive, despite optimistic wording.

Although it is obvious that there has not yet been time for important deliveries of war supplies to Russia, and, despite the paucity of transportation facilities for this purpose, the Harriman-Beaverbrook statement made much of the "generous" assistance already extended, and also indicated, if words have any meaning, that Russia already has supplied Britain and America with raw materials in abundance, by way of compensation. The statement quite possibly was of the "face-saving" variety, but it nevertheless remains a curious document.

"It now has been decided," the Anglo-American statement reads, "to place at the disposal of the Soviet Government practically every requirement for which the Soviet military and civil authorities have asked. The Soviet Government has supplied Great Britain and the United States with large quantities of raw materials urgently required in those countries." The Russian Premier, Joseph Stalin, was represented as expressing thanks for "bountiful" supplies from Britain and the United States, which, in turn, "acknowledged" the ample supplies of Russian raw materials. What all of this really signifies remains a mystery.

Hitler Appeals and Reports

Breaking a silence of nearly five months, Fuehrer Adolf Hitler last Friday appeared at a Winter Relief gathering in Berlin and appealed for sacrifices by the German people, while at the same time promising them another victory in the long chain which somehow fails to lead to peace. The long address was cheered by the hand-picked supporters of the German dictator, but all reliable reports from Berlin have made it plain that the German people are gloomy and depressed, and anxious only for peace. In former speeches the German leader usually promised an early end of hostilities, but on this occasion he indicated only that the war will continue indefnitely.

The address was the first made since Russia was invaded by the German Nazis on June 22, and comments relating to that momentous event aroused some interest. Hitler spoke of vast Russian war preparations and blamed Moscow for the war, saying that he prefers to be the first to pull the trigger when he sees the enemy leveling a rifle. Charges that Russia, in formal conversations had demanded a free hand in Finland and Bulgaria was repeated by the German spokesman, who said also that bases on the Dardanelles were asked by Moscow. The Russian demands were rejected and after that Moscow was watched carefully, Hitler said.

After Russian war preparations

(Continued on Page 520)

Non-Ferrous Metals—Lead Under Priority Control

"Metal and Mineral Markets" in its issue of Oct. 9 reported that chief interest in non-ferrous metals during the last week centered in the order that placed lead under full priority control. The regulations for lead provide for an emergency pool, which the trade believes will be established in a month or so. Zinc statistics for September disclosed that the rate of production set a new high of 2,441 tons a day. Control over distribution of copper and other strategic materials is gradually becoming tighter. In some instances, fabricators are being forced to cut deeply into inventories before obtaining additional supplies, even against defense orders. The publication further stated:

Copper

Sales of copper in the domestic market during the last week involved 28,929 tons. All of the metal available for shipment this month has not been allocated, which is interpreted in some directions as pointing to the creation of some kind of an emergency pool in copper, just as in zinc and lead. The price continued at 12c., Valley.

Demand for bonded copper for export was fair all week and the quotation held at 11½c., f.a.s. basis. There were no new developments in connection with the Chilean deal, but producers believe that negotiations for extending the contract well into 1942 will soon be concluded.

Refinery scrap intake for September totaled 2,989 tons copper, a new monthly low.

Lead

The order placing lead under full priority was announced Oct. 4, even though the supply situation had not as yet reached the acute stage. Priority status for lead was generally expected. The order caused confusion among small consumers, and clarification of the regulations will be necessary on pigments, oxide, and other products not specifically mentioned, the trade believes. Most observers feel that priorities in lead came through at this time largely as a protective measure. Over-buying will cease under official control of distribution of the metal.

Sales of lead in the domestic market for the last week, common grades only, amounted to 6,233 tons, against 2,154 tons in the week previous. The price situation was unchanged, quotations continuing at 5.85c, New York, which was also the contract settling basis of the American Smelting & Refining Co., and at 5.70c, St. Louis.

Zinc

The question of raising the price of zinc to meet higher costs is expected to be settled soon. Most observers believe that the authorities in Washington will, after completing a study of the situation, permit the price to advance moderately. Sales of the common grades for the week ended Oct. 4 amounted to 4,777 tons, with shipments of 4,563 tons. The backlog of the Prime Western division at the end of the week was 61,230 tons.

Production of slab zinc in the United States during September was 73,225 tons. The daily rate for September (2,441 tons) was the highest on record. Stocks increased to 19,427 tons. The gain in stocks does not indicate that the situation has eased, as most of the increase consists of metal earmarked for the "pool" and for export.

Smelter statistics for slab zinc in the United States covering August and September, all grades, including production from foreign ore, according to the American Zinc Institute, in tons:

	Aug.	Sept.
Stock at beginning	13,848	17,969
Production	75,524	73,225
Production, daily rate	2,436	2,441
Shipments:		
Domestic	61,061	64,673
Export (a)	10,342	7,094
Totals	71,403	71,767
Unfilled orders	68,604	67,079
Stock at end	17,969	19,427

(a) Includes duty-drawback zinc.

Output of zinc during September by grades, in tons, follows: Special High Grade, 15,767; High Grade, 15,088; Intermediate, 4,548; Brass Special, 5,570; Select, 1,456; Prime Western, 30,796.

Tin

Offerings of nearby tin were limited throughout the week, and buyers claim that little metal was available for arrival before December. The Singapore market continued firm at close to parity, with buying for account of Russia still a factor. Straits tin for prompt and forward delivery held at 52c. Not much is being said about additional controls for tin, but the trade believes that Washington is watching the situation closely and stands ready to act in the event that any questions arise that might endanger the flow of the metal from the Far East.

Straits tin for future arrival was as follows:

	Oct.	Nov.	Dec.	Jan.
Oct. 2	52.000	52.000	52.000	52.000
Oct. 3	52.000	52.000	52.000	52.000
Oct. 4	52.000	52.000	52.000	52.000
Oct. 6	52.000	52.000	52.000	52.000
Oct. 7	52.000	52.000	52.000	52.000
Oct. 8	52.000	52.000	52.000	52.000

Chinese tin, 99%, spot, was nominally as follows: Oct. 2d, 51.125c; 3d, 51.125c; 4th, 51.125c; 6th, 51.125c; 7th, 51.125c; 8th, 51.125c.

Quicksilver

Though the spot market for quicksilver has turned quiet, most sellers in New York entertain firm views on prices, and, in the majority of instances $195 and upward is being asked on small-lot business. Some nearby metal brought $193 per flask. On forward quicksilver, involving quantity business, prices are wholly nominal. Pacific Coast sellers are holding nearby metal at $190, with December at $188 to $190. Large consumers have indicated that they are not interested in first-quarter metal at prevailing quotations.

Silver

During the past week the silver market in London has been quiet, with the price unchanged at 23½d. The New York Official and the U. S. Government prices are also unchanged at 34¾c and 35c respectively.

DAILY PRICES OF METALS ("E. & M. J." QUOTATIONS)

	—Electrolytic Copper—		Straits Tin,	—Lead—		Zinc
Oct.	Dom., Refy.	Exp. Refy.	New York	New York	St. Louis	St. Louis
2	11.775	11.450	52.000	5.85	5.70	7.25
3	11.775	11.450	52.000	5.85	5.70	7.25
4	11.775	11.450	52.000	5.85	5.70	7.25
6	11.775	11.450	52.000	5.85	5.70	7.25
7	11.775	11.450	52.000	5.85	5.70	7.25
8	11.775	11.450	52.000	5.85	5.70	7.25
Average	11.775	11.450	52.000	5.85	5.70	7.25

Average prices for calendar week ended Oct. 4 are: Domestic copper f.o.b. refinery, 11.775c; export copper, f.o.b. refinery 11.450c; Straits tin, 52.000c; New York lead, 5.850c; St. Louis lead, 5.700c; St. Louis zinc, 7.250c; and silver, 34.750c.

The above quotations are "M. & M. M's" appraisal of the major United States markets, based on sales reported by producers and agencies. They are reduced to the basis of cash, New York or St. Louis, as noted. All prices are in cents per pound.

Copper, lead and zinc quotations are based on sales for both prompt and future deliveries; tin quotations are for prompt delivery only.

In the trade, domestic copper prices are quoted on a delivered basis; that is, delivered at consumers' plants. As delivery charges vary with the destination, the figures shown above are net prices at refineries on the Atantic seaboard. Delivered prices in New England average 0.225c. per pound above the refinery basis.

Export quotations for copper are reduced to net at refineries on the Atlantic seaboard. On foreign business, owing to the European War, most sellers are restricting offerings to f.a.s. transactions, dollar basis. Quotations for the present reflect this change in method of doing business. A total of 0.05c. is deducted from f.a.s. basis (lighterage, etc.) to arrive at the f.o.b. refinery quotation.

Due to the European war the usual table of daily London prices is not available. Prices on standard tin, the only prices given, however, are as follows: Oct. 2, spot, £256; three months, £260¾; Oct. 3, spot, £256¼, three months, £260¼; Oct. 6, spot, £256, three months, £260½; Oct. 7, spot £256, three months, £260¼; and Oct. 8, spot, £256, three months, £259¾.

Labor Bureau's Wholesale Price Index Is Again Down Slightly During Sept. 27 Week

With further declines in market prices for domestic agricultural commodities, the Bureau of Labor Statistics' comprehensive wholesale price index of nearly 900 price series dropped 0.3% during the last week of September, Acting Commissioner Hinrichs reported on Oct. 2. "Prices for certain industrial goods continued to advance," Mr. Hinrichs said. The Bureau's index, at 91.2% of the 1926 average, is 0.4% below the 11½-year peak reached in mid-September and 17.4% above last year at this time.

The Labor Bureau's announcement further reported:

The reaction in prices of farm products continued, with a decline of 1.4% during the week. Average wholesale prices for foods fell 1%. Each of the remaining 8 major groups of commodities, except metals and metal products, rose fractionally. The increases ranged from 0.1% for fuel and lighting materials to 0.8% for building materials.

Outstanding price changes in agricultural commodity markets were declines of 3.5% for cattle feed and 1.6% for grains. Quotations for livestock and poultry dropped 1% and meat prices were down 2% and seasonal declines brought average prices for fruits and vegetables down 2.4%. Quotations were lower for all grains for calves and hogs and for cotton, flaxseed, oranges, beans, and potatoes. Steers, sheep and wool advanced. Weakening prices for grains were reflected in lower quotations for flour, corn meal, and oatmeal. Most meats, except fresh beef in the New York market were lower. Prices for butter dropped 1.2%; lard declined 0.9%; and imported foods such as coffee, pepper and cocoa beans also declined. Prices were higher for eggs, lemons, dried fruits and most edible oils.

Price changes in industrial commodity markets were relatively narrow under the influence of government regulation. Earlier advances in prices for hides, skins and leather were reflected in slightly higher prices for shoes. Prices for cotton goods, particularly muslin and sheeting, and for bedding moved higher. Woolen and worsted materials and jute also advanced.

The index for lumber rose 2.1% and is 24½% higher than it was at this time last year. Higher prices were reported for maple flooring, for most types of Douglas fir, for yellow pine drop siding, for Ponderosa and Idaho pine, and for redwood. Lower prices were reported for oak flooring and for most types of yellow pine lumber. Prices for paint and paint materials advanced sharply, and quotations were also higher for prepared roofing and for roofing slate.

Pronounced increases occurred in prices for carbon bisulfide, and for castor oil. Copra and other industrial fats and oils continued to advance. With this week's increase of 2.6%, the average prices of fats and oils are up 133% over a year ago.

Prices for cylinder oil, paraffin wax and soap continued to rise.

The following tables show (1) index numbers for the principal groups of commodities for the past 3 weeks, for Aug. 30, 1941 and for Sept. 28, 1940 and the percentage changes from a week ago, and a year ago (2) percentage changes in subgroup indexes from Sept. 20 to Sept. 27, 1941.

(1926=100)

Commodity groups	9-27 1941	9-20 1941	9-13 1941	8-30 1941	9-28 1940	Percentage changes to Sept. 27, 1941, from 9-20 1941	8-30 1941	9-28 1940
All commodities	91.2	91.5	91.6	90.6	77.7	—0.3	+0.7	+17.4
Farm products	89.9	91.2	91.6	88.6	65.7	—1.4	+1.5	+36.8
Foods	87.6	88.5	89.1	88.2	70.8	—1.0	—0.7	+23.7
Hides and leather products	112.3	111.7	111.4	110.9	99.3	+0.5	+1.3	+13.1
Textile products	89.6	89.2	88.7	87.6	72.1	+0.4	+2.3	+24.3
Fuel and lighting materials	80.1	80.0	80.0	79.8	71.8	+0.1	+0.4	+11.6
Metals and metal products	98.7	98.7	98.7	98.7	95.7	0.0	0.0	+ 3.1
Building materials	107.0	106.2	105.9	105.7	95.8	+0.8	+1.2	+11.7
Chemicals & allied products	88.1	87.8	87.3	85.8	76.7	+0.3	+2.7	+14.9
Housefurnishing goods	98.3	98.0	97.9	96.9	90.0	+0.3	+1.4	+ 9.2
Miscellaneous commodities	85.1	85.0	84.9	84.1	76.1	+0.1	+1.2	+11.8
Raw materials	89.0	89.8	90.0	88.1	70.0	—0.9	+1.0	+27.1
Semimanufactured articles	90.3	90.1	89.9	89.7	78.3	+0.2	+0.7	+15.3
Manufactured products	92.7	92.8	93.0	92.2	81.6	—0.1	+0.5	+13.6
All commodities other than farm products	91.5	91.6	91.7	91.0	80.4	—0.1	+0.5	+13.3
All commodities other than farm products and foods	92.0	91.8	91.6	91.1	82.6	+0.2	+1.0	+11.4

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM SEPT. 20 to SEPT. 27, 1941

Increases

Oils and fats	2.6	Woolen and worsted goods	0.4
Lumber	2.1	Furniture	0.4
Paint and paint materials	1.0	Anthracite	0.2
Cotton goods	0.8	Furnishings	0.2
Leather	0.7	Other textile products	0.1
Shoes	0.5	Chemicals	0.1
Clothing	0.5	Other building materials	0.1
Other miscellaneous	0.5	Drugs and pharmaceuticals	0.1

Decreases

Cattle feed	3.5	Grains	1.6
Fruits vegetables	2.4	Livestock and poultry	1.0
Meats	2.0	Fertilizer materials	0.6
Other farm products	1.8	Dairy products	0.3
Cereal products	0.2		

Moody's Commodity Index Declines

Moody's Daily Commodity Index declined from 213.9 a week ago to 212.9 this Tuesday. The principal individual changes were the lower wheat prices and the gain for cotton.

The movement of the index has been as follows:

Tuesday, Sept. 30	213.9
Wednesday, Oct. 1	215.2
Thursday, Oct. 2	214.6
Friday, Oct. 3	213.8
Saturday, Oct. 4	214.2
Monday, Oct. 6	214.5
Tuesday, Oct. 7	212.9
Two weeks ago, Sept. 23	214.3
Month ago, Sept. 7	217.1
Year ago, Oct. 7	161.2
1940—High—Dec. 31	171.8
Low—Aug. 16	149.3
1941—High Sept. 9	219.9
Low—Feb. 17	171.6

Foreign Front

(Continued from Page 519)

convinced him of the imminence of an attack, the German forces struck at Russia, Herr Hitler continued. All the activities of the Germans proceeded "according to plan," and the Nazis were said to have captured 2,500,000 Russian prisoners, and captured or destroyed 22,000 guns, 18,000 tanks and 14,500 airplanes. Russia, according to Hitler, is "already broken and will never rise again." He praised lavishly the German soldiers who made long forced marches into Russian territory, and also spoke warmly of the Luftwaffe and the German Panzer divisions.

Hitler not only dilated on the progress already made by German arms against Russia, but also disclosed that another immense battle was developing. "In the few hours in which I can be here," he said, "a new, gigantic event is taking place on our eastern front. For the last 48 hours an operation of gigantic proportions is again in progress, which will help to smash the enemy in the East." The only mistake made with respect to Russia, the German Fuehrer declared, was in under-estimates of the vast strength in armaments accumulated by the Soviet Union.

In the large Russian area already occupied by German forces a new Administration is being organized, and the problems of transportation and production already are being tackled, Hitler announced. If the war lasts much longer, Germany and her allies will make use of this territory. Although in earlier utterances the Fuehrer usually claimed that he was settling things for 1,000 years, the current decision was proclaimed to be merely for 100 years.

The war in the West received scant attention in the address and the United States was not even mentioned, directly. Hitler again stated that he always had desired peace with Great Britain. He attributed his rather notable lack of success to a small group of men in England. The Germans were asked not to pay heed to claims of vast military outlays and preparations elsewhere, which presumably refers to American measures. Italy and Japan received praise in the speech, and similar comments were made about the nationals and neighboring countries who are aiding the Nazis in their crusade against Russia.

Russian Crisis

Every indication now points to another, and perhaps crucial, test of the Russian defense against the onrushing hordes of Nazi soldiers sent by Chancellor Hitler toward the East on June 22. According to comments by the German Fuehrer, the latest push began Oct. 1, and the fragmentary reports of recent days suggest that Moscow, itself, may be the objective of the newest drive. At the same time, the Germans resumed their push along the shores of the Black Sea. Only at Leningrad and Odessa is the situation still unchanged, with the besieged forces holding grimly in the face of vast attacks by the Germans and their allies.

Official German military statements remained laconic all week, the familiar phrase recurring again and again that operations are proceeding "according to plan." Russian High Command communiques have been little more informative, save for the desperate fighting around the besieged cities at the two extreme ends of the line. A fierce counter-attack at Leningrad was attempted by the Russian defenders, early this week, but apparently attained little success. The Rumanians are chief holders of the aggressor front at

Odessa, and the fighting there is so costly that 12 Rumanian general officers are rumored to have petitioned the Bucharest Government to end its participation in the war. The 12 Generals also are rumored to have been shot.

In view of the brief official disclosures, information as to the actual situation on much of the vast Russian front cannot be regarded as accurate. Through diplomatic sources, however, the British appear to realize that vast battles are developing eastward of the acknowledged line of the contest. The Russians admit that new military moves of importance are in progress and the announcement by Hitler cannot be disregarded. What the outcome may be possibly depends partly upon the weather, for wintry blasts already begin to sweep over some parts of Russia. The Nazis, however, are quite well aware of this, and too much reliance cannot be placed upon General Winter to defeat the invaders.

Unofficial reports suggest that the Germans have started a major encircling movement from widely separate points, which may well have the Russian capital as the objective. Two vast columns are reported to be stretching out Panzer tentacles from the Valdai hills, near Lake Ilmen, and from Roslavl, south of Smolensk. Each of these points is some 220 miles from Moscow, and the edge of the fan-shaped sector runs 375 miles in length. In the center of the sector the Russians recently were reported thrusting the Germans back, which introduces the possibility that the Nazi retreat was part of the plan now unfolding.

Rumors from neighboring countries yesterday were to the effect that the Germans were driving ahead heedlessly and rapidly, while suffering enormous losses. In the first full week of the push they are rumored to have approached to within 100 miles of Moscow. Some 2,000,000 to 3,000,000 men are believed to be engaged in the vast operation, on the German side, and not even a vague guess is available as to the strength of the defenders. It is clear, however, that the Russians do not lack manpower, much as they might suffer from inadequate and insufficient equipment and munitions.

Soviet Russian spokesmen admitted, Tuesday, that they are mobilizing the entire strength of Russia to meet the assault, which was described by the propagandists in Moscow as an attempt by Hitler to achieve a major success before the winter sets in. "The Germans probably have several hundred thousand men they wish to lose, and they shall achieve their aim," the Russian spokesman remarked.

That the Germans are not abandoning their Black Sea enterprise was indicated by unofficial reports of the capture by the Nazis of Mariupol, deep in the Southern Ukraine and only 100 miles from Rostov. There were few reports of fighting in the Kharkov area, possibly because the Nazis are concentrating too much strength in the center and the extreme South. It is clear that the military map is rapidly changing and that the Russian situation now is becoming desperate.

British efforts to halt the Finnish war against Russia now must be accounted useless, despite admissions by Secretary of State Cordell Hull, Tuesday, that the United States Government also has made representations. The Finnish Government disclosed, Monday, that a reply to London emphasied the defensive nature of the conflict. from the Finnish viewpoint. The small Scandinavian country is grateful, the note added, that it is not fighting

(Continued on Page 522)

Bonds Gain Moderately

All classes of corporate bonds have firmed up this week and Treasury issues have also strengthened. On Thursday the Treasury is to offer a total of $1,500,000,000 in bonds, of which $204,000,000 will be in exchange for maturing notes, $100,000,000 purchased for Government trusts funds, and $1,200,000,000 sold to the public. The coupon rate and maturity are to be announced with the offering on Thursday. This is the largest offering for cash since the Liberty Loan issues in 1917-18.

High-grade railroad bonds have been exhibiting a better price behavior and gains have prevailed. Pennsylvania Railroad 5s, 1968, advanced 1¼ to 112, and Chesapeake & Ohio 4½s, 1992, picked up ⅜ at 131½. Medium-grade rails, together with the more speculatively situated railroad bonds, have been displaying an upward tendency. Among the issues in the former group, Canadian Pacific 5s, 1954, at 88⅝ were up 1⅝ while in the latter category, New York Central 4½s, 2013, were ⅞ higher at 51⅞. Defaulted rails have been higher but in sympathy with lower stock prices weakened toward the close of the week under review.

High-grade utility bonds have moved ahead, many issues including Cleveland Electric Illuminating 3s, 1970, Boston Edison 2¾s, 1970, Pacific Tel. & Tel. 3¼s, 1966, and Southern California Edison 3s, 1968, reaching peak levels for the year. Lower grades have acted well, demand for Associated Electric 4½s, 1953, and others having been noticeable. Speculative issues gave ground later in the week, affected of course by a declining equity market.

The high light of the week in the industrial section of the list has been the sharp gain of 15⅜ points to 99⅞ registered by the International Mercantile Marine 6s, 1941, on announcement last Saturday that the R.F.C. would supply sufficient funds to pay in cash the entire principal of these over-due bonds. Excepting for weakness displayed by the sugar bonds, the rest of the list has been generally better. Steels have shown mixed fractional changes, with the up side favored; the Youngstown 3¼s, 1960, gained 1⅝ points at 102⅛. Oils have acted must the same as steel company obligations, with the Texas Corporation 3s, 1965, a high-grade issue, gaining a point at 107¼. Meat packing company obligations have been steady to fractionally higher, and in the miscellaneous classification the Remington Rand new 3½s, 1956, commenced trading with a high of 103 and a low of 102⅝. The original offering price of the latter was 103¾.

Foreign bonds have continued irregular with some strong spots in the South American list among Buenos Aires and Brazilian issues. Cuban bonds have continued firm while Panama 3¼ declined fractionally. Canadian loans eased off slightly while among Australian bonds the State of Queensland 6s relinquished 3 points. Norwegian and Belgian issues have been well supported but Danish bonds have turned weaker.

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1941 Daily Averages	U. S. Govt. Bonds	Avge. Corporate *	Corporate by Ratings * Aaa	Aa	A	Baa	Corporate by Groups * R. R.	P. U.	Indus.
Oct. 7	119.15	108.16	118.40	115.43	109.24	92.20	97.31	112.19	116.22
6	119.13	107.98	118.40	115.24	109.06	92.20	97.31	112.00	116.02
4	119.17	107.98	118.40	115.43	109.24	91.91	97.16	112.19	116.02
3	119.21	107.98	118.40	115.43	109.06	91.77	97.00	112.00	116.02
2	119.17	107.80	118.20	115.43	109.06	91.62	97.00	112.00	115.82
1	119.11	107.80	118.20	115.24	108.88	91.62	96.85	112.00	115.82
Sept 24	118.95	107.44	118.00	114.85	108.70	91.19	96.69	111.81	115.43
17	118.82	107.62	118.20	114.66	108.70	91.48	96.69	111.62	115.43
12	119.02	107.62	118.00	114.66	108.70	91.62	97.00	111.81	115.24
5	119.13	107.80	118.20	114.85	108.88	95.06	97.31	112.00	115.24
Aug. 29	119.14	107.80	118.40	114.85	108.88	91.77	97.16	111.81	115.43
22	118.78	107.62	118.00	114.66	108.70	91.77	97.16	112.00	115.04
15	118.90	107.80	118.00	115.04	108.70	91.91	97.31	112.00	115.04
8	119.20	107.98	118.20	115.24	108.70	92.20	97.47	112.00	115.24
1	119.56	107.80	118.20	115.24	108.52	92.06	97.47	112.00	115.24
July 25	119.55	107.80	118.00	115.24	108.52	92.06	97.47	112.00	115.04
18	119.47	107.62	118.20	115.04	108.34	91.91	97.46	112.00	115.04
11	119.46	107.62	118.20	115.04	108.16	91.91	97.16	111.81	115.04
3	119.55	107.44	118.00	114.66	107.98	91.77	97.00	111.62	114.85
June 27	119.45	107.44	118.00	114.66	107.80	91.77	97.16	114.44	114.66
20	119.02	107.09	117.80	114.46	107.62	91.48	97.00	111.44	114.27
13	118.97	106.92	117.60	114.08	107.44	91.48	97.00	111.25	113.89
6	118.81	106.74	117.20	113.70	107.27	91.19	96.69	110.88	113.31
May 29	118.71	106.39	116.61	113.31	107.09	91.05	96.69	110.70	112.75
23	118.35	106.39	116.80	113.50	106.92	91.19	96.69	110.70	112.93
16	118.52	106.39	116.61	113.31	106.92	91.34	96.85	110.52	112.75
9	118.45	106.36	116.80	113.12	106.92	91.62	97.00	110.52	112.93
2	118.66	106.39	117.00	112.93	106.74	91.34	96.85	110.52	112.75
Apr. 25	118.62	106.21	116.61	112.75	106.56	91.19	96.69	110.34	112.19
18	118.28	105.86	116.41	112.56	106.39	90.91	96.54	110.15	112.00
10	117.36	105.69	116.41	112.19	106.21	90.77	96.54	109.79	111.81
4	117.55	106.04	116.80	112.37	106.21	91.48	97.00	109.97	112.19
Mar. 28	117.80	105.86	116.41	112.19	106.04	91.05	96.54	109.79	111.81
21	117.85	106.21	117.00	112.93	106.56	90.77	96.54	110.15	112.75
14	117.77	106.21	117.40	113.31	106.56	90.48	96.54	109.97	113.31
7	116.90	106.04	117.40	113.31	106.39	90.20	96.23	109.97	113.12
Feb. 28	116.93	105.86	117.20	112.93	106.21	89.78	95.92	109.79	112.75
21	116.06	105.52	117.00	112.75	106.04	89.52	95.62	109.60	112.75
14	116.24	105.86	117.60	113.12	106.21	89.64	95.92	109.60	113.12
7	116.52	106.21	117.80	113.31	106.39	90.20	95.54	109.79	113.31
Jan. 31	117.14	106.39	118.00	113.70	106.39	90.48	96.85	109.79	113.70
24	117.64	106.56	117.60	113.89	106.56	90.77	97.16	109.97	113.50
17	118.06	106.56	118.20	113.89	106.56	90.48	96.69	110.15	113.89
10	118.03	106.56	118.20	114.27	106.56	90.34	96.69	110.15	114.08
3	118.65	106.39	118.40	114.46	106.39	89.78	95.92	110.15	114.46
High 1941	119.62	108.16	118.60	115.43	109.24	92.35	97.62	112.00	116.22
Low 1941	115.89	105.52	116.22	112.00	106.04	89.23	95.62	109.42	111.62
High 1940	119.63	106.74	119.00	115.04	106.74	89.92	96.07	110.88	114.85
Low 1940	113.02	99.04	112.19	109.60	99.52	79.37	86.38	105.52	106.56
1 Yr. Ago									
Oct. 7, 1940	116.95	104.66	117.20	112.75	104.31	87.99	93.82	109.97	111.44
2 Yrs. Ago									
Oct. 7, 1939	110.06	97.62	109.06	105.17	95.92	83.15	88.27	101.64	103.37

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1941 Daily Average	Avge. Corporate rate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus.
Oct. 7	3.27	2.73	2.88	3.21	4.26	3.92	3.05	2.84
6	3.28	2.73	2.89	3.22	4.26	3.92	3.06	2.85
4	3.28	2.73	2.88	3.21	4.28	3.93	3.05	2.85
3	3.28	2.73	2.88	3.22	4.29	3.94	3.06	2.85
2	3.29	2.74	2.88	3.22	4.30	3.94	3.06	2.86
1	3.29	2.74	2.89	3.23	4.30	3.95	3.06	2.86
Sept 24	3.31	2.75	2.91	3.24	4.33	3.96	3.07	2.88
17	3.30	2.74	2.92	3.24	4.31	3.96	3.08	2.88
12	3.30	2.75	2.92	3.24	4.30	3.94	3.07	2.89
5	3.29	2.74	2.91	3.23	4.27	3.92	3.06	2.89
Aug. 29	3.29	2.73	2.91	3.23	4.29	3.93	3.06	2.88
22	3.30	2.75	2.92	3.24	4.29	3.93	3.06	2.90
15	3.29	2.75	2.90	3.24	4.28	3.92	3.06	2.90
8	3.28	2.74	2.89	3.24	4.26	3.94	3.06	2.89
1	3.29	2.74	2.89	3.25	4.27	3.91	3.06	2.89
July 25	3.29	2.75	2.89	3.25	4.27	3.91	3.06	2.90
18	3.30	2.74	2.90	3.26	4.28	3.93	3.06	2.90
11	3.30	2.74	2.90	3.27	4.28	3.93	3.07	2.90
3	3.31	2.75	2.92	3.28	4.29	3.94	3.08	2.91
June 27	3.31	2.75	2.92	3.29	4.29	3.93	3.09	2.92
20	3.33	2.76	2.93	3.30	4.31	3.94	3.09	2.94
13	3.34	2.77	2.95	3.31	4.31	3.94	3.10	2.96
6	3.35	2.79	2.97	3.32	4.33	3.96	3.12	2.99
May 29	3.37	2.82	2.99	3.33	4.34	3.96	3.13	3.02
23	3.37	2.81	2.98	3.34	4.33	3.96	3.13	3.01
16	3.37	2.82	2.99	3.34	4.32	3.95	3.14	3.02
9	3.36	2.81	3.00	3.34	4.30	3.94	3.14	3.01
2	3.37	2.80	3.01	3.35	4.32	3.95	3.14	3.02
Apr. 25	3.38	2.82	3.02	3.36	4.33	3.96	3.15	3.05
18	3.40	2.83	3.03	3.37	4.35	3.97	3.16	3.06
10	3.41	2.83	3.05	3.38	4.36	3.97	3.18	3.07
4	3.39	2.81	3.04	3.38	4.31	3.94	3.17	3.05
Mar. 28	3.40	2.83	3.05	3.39	4.34	3.97	3.18	3.07
21	3.38	2.80	3.01	3.36	4.36	3.97	3.46	3.02
14	3.38	2.78	2.99	3.36	4.38	3.97	3.17	2.99
7	3.39	2.78	2.99	3.37	4.40	3.99	3.17	3.00
Feb. 28	3.40	2.79	3.01	3.38	4.43	4.01	3.18	3.02
21	3.42	2.80	3.02	3.39	4.45	4.03	3.19	3.02
14	3.40	2.77	3.00	3.38	4.44	4.01	3.19	3.00
7	3.38	2.76	2.99	3.37	4.40	3.97	3.18	2.99
Jan. 31	3.37	2.75	2.97	3.37	4.37	3.95	3.18	2.97
24	3.36	2.77	2.96	3.36	4.36	3.93	3.17	2.98
17	3.36	2.74	2.96	3.36	4.38	3.96	3.16	2.96
10	3.36	2.74	2.94	3.36	4.39	3.96	3.16	2.95
3	3.37	2.73	2.93	3.37	4.43	4.01	3.16	2.93
High 1941	3.42	2.84	3.06	3.39	4.47	4.03	3.20	3.08
Low 1941	3.27	2.72	2.88	3.21	4.25	3.90	3.06	2.84
High 1940	3.81	3.06	3.19	3.78	5.24	4.68	3.42	3.36
Low 1940	3.35	2.70	2.90	3.35	4.42	4.00	3.12	2.91
1 Year Ago—								
Oct. 7, 1940	3.47	2.79	3.02	3.49	4.56	4.15	3.17	3.09
2 Years Ago—								
Oct. 7, 1939	3.90	3.22	3.44	4.01	4.93	4.54	3.65	3.51

* These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

† The latest complete list of bonds used in computing these indexes was published in the issue of Oct. 2, 1941, page 409.

Fertilizer Association Commodity Price Index Resumes Advance After Two Weeks Decline

The general level of wholesale commodity prices turned upward last week after receding slightly in each of the two preceding weeks, according to the price index compiled by The National Fertilizer Association. This index in the week ended Oct. 4, 1941, rose to 117.2 from 116.5 in the preceding week. A month ago it was 115.3 and a year ago it stood at 96.9% of the 1935-1939 average. The all-commodity index is now 20.9% above the corresponding week of 1940 and is 17% higher than in January of this year. An announcement issued by the Association Oct. 6 continued:

> An advance in the food price average was due principally to higher meat prices; dairy products were slightly lower. In the farm products group cotton prices moved to higher levels along with grains and poultry, while livestock quotations declined. The net result of these price changes was an upturn in the farm products price index. Price rises in raw cotton and woolen yarn were responsible for an increase in the textile index. The building material average advanced due to a rise in southern pine. A sharp increase in the price of grain alcohol to cover the new excise tax together with an increase in castor oil resulted in a moderate upturn in the chemical and drug price index. The index representing the prices of miscellaneous commodities was somewhat higher last week as lubricating oil and cottonseed meal quotations more than offset declines in paper board and cattle feed. The only group index to decline was the metal average, which fell off fractionally due to a drop in the price of aluminum.
>
> During the week 22 price series included in the index advanced and 16 declined; in the preceding week there were 17 advances and 21 declines; in the second preceding week there were 37 advances and 21 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	GROUP	Latest Week Oct. 4 1941	Preceeding Week Sept. 2 1941	Month Ago Aug. 30 1941	Year Ago Oct. 5 1940
25.3	Foods	114.0	r113.7	112.5	90.4
	Fats and Oils	130.3	129.2	122.0	63.7
	Cottonseed Oil	159.6	155.0	143.6	61.6
23.0	Farm Products	118.4	117.9	118.3	86.0
	Cotton	161.6	157.1	156.9	87.8
	Grains	108.6	108.1	105.2	82.6
	Livestock	112.2	112.5	114.2	85.4
17.3	Fuels	110.8	110.8	110.6	101.6
10.8	Miscellaneous Commodities	127.5	125.7	124.4	108.5
8.2	Textiles	139.3	138.4	136.9	104.1
7.1	Metals	103.5	103.8	103.8	102.8
6.1	Building Materials	131.0	127.6	119.5	109.1
1.3	Chemicals and Drugs	111.9	107.6	106.3	103.5
.3	Fertilizer Materials	114.3	114.3	112.7	103.9
.3	Fertilizers	107.1	107.1	107.1	103.0
.3	Farm Machinery	99.7	99.7	99.3	99.3
100.0	All Groups Combined	117.2	116.5	115.3	96.9

*Base period changed Jan. 4 from 1926-1928 average to 1935-39 average as 100. Indexes on 1926-1928 base were: Oct. 4, 1941, 91.3; Sept. 27, 1941, 90.8; Oct. 5, 1940, 75.5. r Revised

Coffee Imports

The Bureau of Customs announced on Sept. 30 preliminary figures for imports of coffee subject to quota limitations under the President's proclamation of the Inter-American Coffee Agreement on April 15, 1941, as of Sept. 27, 1941.

Country of Production:	Revised* Quota (lbs.)	Ent. for Consump. Sept. 27. 1941 Pounds
Quota Period—12 Mos. from Oct. 1, 1940:		
Dominican Republic	16,581,987	†
Guatemala	73,928,131	†
Venezuela	58,037,021	†
Colombia	435,277,855	†
Costa Rica	27,636,689	†
Ecuador	20,727,517	†
Haiti	38,000,514	†
Brazil	1,285,106,049	†
Peru	3,454,520	†
Cuba	11,054,702	†
El Salvador	82,910,068	77,350,256
Honduras	2,763,642	2,489,800
Nicaragua	26,945,812	23,919,638
Mexico	65,637,203	62,248,661
Non-signatory countries:		
All types of coffee	49,055,084	†

*Quotas increased by Inter-American Coffee Board, effective Aug. 11, 1941. †Import quota filled.

Trading On New York Exchanges

The Securities and Exchange Commission made public on Oct. 3 figures showing the daily volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Sept. 20, 1941, continuing a series of current figures being published by the Commission. Short sales are shown separately from other sales in these figures, the Commission explained.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Sept. 20 (in round-lot transactions) totaled 679,770 shares, which amount was 17.69% of total transactions on the Exchange of 3,756,160 shares. This compares with member trading during the previous week ended Sept. 13 of 649,015 shares or 17.64% of total trading of 3,664,950 shares. On the New York Curb Exchange, member trading during the week ended Sept. 20 amounted to 147,515 shares, or 16.90% of the total volume on that Exchange of 771,460 shares; during the preceding week trading for the account of Curb members of 144,190 shares was 16.65% of total trading of 773,310 shares.

The Commission made available the following data for the week ended Sept. 20:

The data published are based upon weekly reports filed with the New York Stock Exchange and the New York Curb Exchange by their respective members. These reports are classified as follows:

	N. Y. Stock Exchange	N. Y. Curb Exchange
Total Number of Reports Received	1,054	776
1. Reports showing transactions as specialists	188	98
2. Reports showing other transactions initiated on the floor	199	41
3. Reports showing other transactions initiated off the floor	233	84
4. Reports showing no transactions	555	563

Note—On the New York Curb Exchange, odd-lot transactions are handled solely by specialists in the stocks in which they are registered and the round-lot transactions of specialists resulting from such odd-lot transactions are not segregated from the specialists' other round-lot trades. On the New York Stock Exchange, on the other hand, all but a fraction of the odd-lot transactions are effected by dealers engaged solely in the odd-lot business. As a result, the round-lot transactions of specialists in stocks in which they are registered are not directly comparable on the two exchanges.

The number of reports in the various classifications may total more than the number of reports received because a single report may carry entries in more than one classification.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)
Week Ended Sept. 20, 1941

	Total For Week	Per Cent a
A. Total Round-Lot Sales		
Short sales	102,680	
Other sales b	3,653,480	
Total sales	3,756,160	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists		
1. Transactions of specialists in stocks in which they are registered		
Total purchases	310,540	
Short sales	53,770	
Other sales b	271,580	8.46
Total sales	325,350	
2. Other transactions initiated on the floor		
Total purchases	216,540	
Short sales	19,600	
Other sales b	198,940	5.79
Total sales	218,540	
3. Other transactions initiated off the floor		
Total purchases	122,330	
Short sales	17,350	
Other sales b	118,530	3.44
Total sales	135,880	
4. Total		
Total purchases	649,410	
Short sales	90,720	
Other sales b	589,050	17.69
Total sales	679,770	

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)
Week Ended Sept. 20, 1941

	Total For Week	Per Cent a
A. Total Round-Lot Sales		
Short sales	18,155	
Other sales b	753,305	
Total sales	771,460	
B. Round-Lot Transactions for the Account of Members		
1. Transactions of specialists in stocks in which they are registered		
Total purchases	68,765	
Short sales	9,530	
Other sales b	92,700	11.08
Total sales	102,230	
2. Other transactions initiated on the floor		
Total purchases	21,905	
Short sales	700	
Other sales b	17,780	2.62
Total sales	18,480	
3. Other transactions initiated off the floor		
Total purchases	22,635	
Short sales	1,825	
Other sales b	24,980	3.20
Total sales	26,805	
4. Total		
Total purchases	113,305	
Short sales	12,055	
Other sales b	135,460	16.90
Total sales	147,515	
C. Odd-Lot Transactions for the Account of Specialists		
Customers' short sales	0	
Customers' other sales c	51,710	
Total purchases	51,710	
Total sales	27,846	

World Prices Steady

General Motors Corp. and Cornell University, which prior to the European war had collaborated in the publication of a world commodity price index, have resumed issuance of international price statistics, but on a different basis than before the war. Instead of a composite index of world prices, these organizations now are publishing the information only as individual country indexes.

The index is built upon 40 basic commodities and the list is the same for each country in so far as possible. Each commodity is weighted uniformly for each country, according to its relative importance in *world* production. The actual price data are collected weekly by General Motors overseas operations from sources described as "the most responsible agencies available in each country, usually a government department." The commodities involved include "a comprehensive list of several groups, including grains, livestock and livestock products, miscellaneous foods (coffee, cocoa, tea, sugar, &c.), textiles, fuels, metals and a list of other miscellaneous materials (rubber, hides, lumber, newsprint, linseed oil, &c.)." Weights assigned in the index to the different commodity groups are as follows: Grains, 20; livestock and livestock products, 19; vegetable fats and other foods, 9; textiles, 12; fuel, 11; metals, 11; miscellaneous, 18.

The indexes, which are based on prices expressed in the currency of each country, were reported Oct. 6 as follows:

(August, 1939=100)

	Argentina	*Australia*	*Canada*	*England*	*Java*	*Mexico*	*New Zeal'd*	*Sweden*	*Switzerland*	*United States*
1940—										
May	120	118	120	143	116	113	112	131	132	112
June	118	118	120	144	116	113	114	131	136	109
July	118	118	120	145	115	112	114	132	140	109
August	118	119	120	150	115	111	120	132	144	109
September	116	120	121	145	116	110	122	135	153	111
October	113	123	122	145	117	110	120	139	158	114
November	113	125	124	146	118	111	118	142	164	118
December	113	126	126	149	120	111	119	144	168	118
1941—										
January	114	127	126	150	r120	111	119	144	r172	120
February	114	126	127	150	121	113	119	147	171	120
March	119	122	129	150	123	114	119	154	176	122
April	121	121	131	150	125	115	119	156	180	125
May	126	120	134	r152	129	117	120	156	189	129
June	133	121	137	155	131	119	121	155	193	132
July	r135	r121	r141	r156	r136	r125	r122	r155	194	r136
August	138	121	143	157	138	127	123	156	---	138
1941—										
Weeks end.:										
Aug. 2	r135	120	142	157	138	r127	123	156	194	137
Aug. 9	r135	120	142	r157	137	r126	123	156	*194	r138
Aug. 16	137	120	142	r157	138	127	123	156	---	137
Aug. 23	138	r121	143	157	139	128	123	156	---	139
Aug. 30	r139	121	143	r156	138	127	123	156	---	140
Sept. 6	138	122	144	*155	138	128	123	156	---	141
Sept. 13	138	122	146	*156	137	130	123	156	---	144
Sept. 20	139	122	r145	*156	137	131	123	156	---	144
Sept. 27	141	122	145	*156	138	132	123	156	---	143

* Preliminary. r Revised

August Automobile Factory Sales

A decrease of 67 percent in factory sales of automobiles for August 1941 as compared with July 1941 is indicated by the statistics released Sept. 29 by Director J. C. Capt, Bureau of the Census, Department of Commerce.

Factory sales of automobiles manufactured in the United States, including complete units or vehicles reported as assembled in foreign countries from parts made in the United States, for August 1941 consisted of 147,600 vehicles, of which 78,529 were passenger cars and 69,071 commercial cars, trucks, or road tractors, as compared with 444,241 vehicles in July 1941, 75,873 vehicles in August 1940, and 99,868 vehicles in August 1939. These statistics comprise data for the entire industry.

Statistics for 1941 are based on data received from 69 manufacturers in the United States, 20 making passenger cars and 63 making commercial cars, trucks, or road tractors (14 of the 20 passenger car manufacturers also making commercial cars, trucks, or road tractors). It should be noted that those making both passenger cars and commercial cars, trucks, or road tractors have been included in the number shown as making passenger cars and in the number shown as making commercial cars, trucks, or road tractors, respectively. The figures for passenger cars include those for taxicabs. The figures for commercial cars, trucks, and road tractors include those for ambulances, funeral cars, fire apparatus, street sweepers, station wagons, and buses, but the number of such special purpose vehicles is very small and hence a negligible factor in any analysis for which the figures may be used. Canadian production figures are supplied by the Dominion Bureau of Statistics. Figures for previous months appeared in our issue of Aug. 30, page 1193.

NUMBER OF VEHICLES (INCLUDING CHASSIS)

	United States (Factory Sales)			Canada (Production)		
Year and month	Total (all vehicles)	Passenger cars	Trucks, etc.	Total	Passenger cars	Commercial cars and trucks
1941—						
July	*444,241	343,748	*100,493	24,654	3,849	20,805
August	147,600	78,529	69,071	17,192	3,160	14,032
Total (8 mos. end. Aug.)	3,587,723	2,849,879	737,844	194,717	72,208	122,509
1940—						
July	231,703	168,769	62,934	14,468	3,397	11,071
August	75,873	46,823	29,050	13,993	1,510	12,483
Total (8 mos. end. Aug.)	2,736,104	2,243,022	493,082	139,373	77,193	62,180
1939—						
July	209,359	150,738	58,621	9,241	5,112	4,129
August	99,868	61,407	38,461	3,475	1,068	2,407
Total (8 mos. end. Ang.)	2,271,216	1,794,296	476,920	106,475	76,148	30,327

*Revised.

Foreign Front

(Continued from Page 521)

alone. Great Britain possibly will declare war against Finland, since that country insists on continuing its conflict with Britain's ally. Such an event would not be stranger than some others which have developed in this strange war.

Middle East

Military attention obviously will shift sharply to the Middle East, if the German Nazis attain their apparent objectives and either force the Russian Communists to sue for peace or drive them east of the Urals. Vast German land attacks on the British lifeline to the East no longer are to be ruled out, and they may even develop this coming winter. Prime Minister Winston Churchill is the excellent authority for this assumption, since fighting on a long front from the Caspian to the Nile was predicted for 1942, in a message sent by Mr. Churchill, Monday, to British forces which began war games on the Northwest Frontier of India. In this great area the British Empire forces hold sway and the war games, in themselves, are indicative of the preparations being made.

In the Mediterranean region the battle of the air and the sea continued, with decisive results not yet apparent. Hammer blows were struck by the British air forces and submarines against Italian towns and shipping, and the destruction wrought is said to be immense. The Italians, meanwhile, are feeling the pinch of war more and more, and full rationing of all products finally was announced in Rome, last Friday. Turkey continues to sit on the fence, with British and Axis representatives still doing their utmost to influence Ankara toward their respective viewpoints. Trade agreements of various sorts are said to be under negotiation in Ankara, but they may cloak more important developments.

Anglo-German Conflict

Few changes were reported in recent days in the long-distance, tit-for-tat war that Great Britain and the German Reich are conducting directly against each other. The British, of course, are understood to be extending much material assistance to Russia, and this effort possibly outweighs the direct fighting, for the time being. No indication of an invasion attempt is available from either side, and it becomes more probable day by day that the winter struggle will be along the lines now witnessed.

British aerial raids on the French invasion coast and on German industrial towns and ports would seem to have tapered off, to a degree, from the extraordinarily high rate of activities noted in September. The weather may account for this, and it also is possible that the Nazis are putting up a stronger aerial defense. German bombing planes blasted five British towns, last Friday, and inflicted considerable damage. London pointed out that the Germans lost 10% of their attacking force. If this also approximates the British rate of loss in the extensive raids over the Continent, the British may need some recoupment. Dog-fights high over the English Channel are now reported with some frequency, which may or may not be indicative of a changed situation in relative strengths.

The war at sea shows signs of increasing grimness, despite the recent assertion by Prime Minister Churchill that losses of merchant ships in the summer months were comparatively modest. Delayed reports from Iceland suggest far more Nazi submarine activity than was suggested by the British spokes-

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* The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

a Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

b Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

c Sales marked "short exempt" are included with "other sales."

man. British and American naval officers in Iceland were said to regard the situation as "critical." That the submarines are ranging far afield is shown by the sinking of the Panamanian tanker I. C. White, some 450 miles off Brazil.

A poignant incident of the great conflict was the ineffectual effort to arrange an exchange of incapacitated British and German prisoners of war. Direct radio communications between the adversaries advanced matters to the point where prisoners were assembled on board two hospital ships in Newhaven, England. But the attempt failed when the Germans insisted on a man-for-man exchange, while the British preferred to call for an exchange by categories. Under the latter system far more Britishers would be repatriated than Germans, it seems.

Sabotage Front

Deep discontent is quite understandable in the huge area of Europe now under the heels of the Nazis and Fascists, and all reports continue to reflect the "slow-work" programs and other methods developed for sabotaging the occupying forces. The French area of German domination and the Low Countries seem to have quieted to a degree. Subversive activity continues, however, and fresh executions by the Nazis may be reported soon. Czechoslovakia remains a hot-bed of trouble for the invaders, and Norway is being threatened with mass starvation if the small Scandinavian country fails to comply with German wishes.

Even the Baltic States of Lithuania, Estonia and Latvia, which reputedly greeted the Germans as "liberators" last June, now are said in Washington diplomatic circles to be disillusioned. Serbian disaffection reached the point where sizable military forces had to be dispatched by the Germans to regain control. In the mountainous country full control still seems beyond the reach of the Nazis, for some 650 Germans now are reported held by the Serbians as hostages. According to Moscow, a "certain number" of Russian airplanes have been dispatched to the assistance of the rebellious Yugoslavians. Greece, also is in turmoil.

Latin-America

Swift progress is being made in many ways toward that political and economic integration of the American Republics which finds expression in the "Good Neighbor" policy, stemming from Washington. Trade relations of the United States and the Latin-American countries unquestionably show vast improvement. Not only is this country absorbing enormous amounts of raw materials and agricultural goods from the other American Republics, but higher prices also are being paid in such leading items as coffee and sugar. Priorities in the United States apparently are making it difficult for the Latin-Americans to buy all the manufactures they might wish to obtain, and the consequence is a rapid accumulation of dollar exchange in the vast area south of the Rio Grande.

There is, of course, an obvious and advisable use to which the Latin-Americans might put their growing dollar resources. The default situation on Latin-American dollar bonds plainly should be bettered. With few exceptions the Latin-American debtors have been flagrantly lax in this respect, and the position is one that our Washington authorities should bear in mind when negotiating still more advantages for the Latins.

(Continued on Page 524)

Weekly Statistics of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Asociation, Chicago, Ill. in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Percent of Activity Cumulative
1940—Month of—					
January	528,155	579,739	167,240	72	71
February	420,639	453,518	137,631	70	71
March	429,334	449,221	129,466	69	70
April	520,907	456,942	193,411	70	70
May	682,490	624,184	247,644	76	72
June	508,005	509,781	236,693	79	73
July	544,221	587,339	196,037	72	73
August	452,613	487,127	162,653	74	73
September	468,870	470,228	163,769	72	73
October	670,473	648,611	184,002	79	73
November	488,990	509,945	161,985	77	73
December	464,537	479,099	151,729	71	73
1941—Month of—					
January	673,446	629,863	202,417	75	--
February	608,521	548,579	261,650	81	--
March	652,128	571,050	337,022	82	--
April	857,732	726,460	447,525	83	--
May	656,437	602,323	488,993	84	--
June	634,684	608,995	509,231	88	--
July	509,231	807,440	737,420	86	--
August	659,722	649,031	576,529	94	--
September	642,879	630,524	578,402	94	--
Week Ended 1941—					
May 3	165,583	147,188	447,525	83	80
May 10	170,436	148,381	466,064	84	80
May 17	161,295	149,884	472,782	84	80
May 24	168,875	152,410	489,915	85	81
May 31	155,831	151,648	488,993	84	81
June 7	156,188	144,481	500,252	84	81
June 14	158,821	156,439	504,786	88	81
June 21	168,581	153,364	518,755	88	82
June 28	151,114	154,711	509,231	90	82
July 5	149,197	129,019	529,633	74	82
July 12	147,365	131,531	542,738	77	82
July 19	168,431	156,989	550,902	92	81
July 26	182,603	160,609	572,532	92	82
Aug. 2	159,844	159,272	572,635	93	83
Aug. 9	174,815	159,894	587,498	91	83
Aug. 16	169,472	162,889	592,840	92	83
Aug. 23	158,403	162,964	584,484	94	83
Aug. 30	157,032	163,284	576,529	97	84
Sept. 6	147,086	133,031	591,414	80	84
Sept. 13	164,057	166,781	589,770	98	84
Sept. 20	176,263	166,797	583,716	99	84
Sept. 27	155,473	163,915	578,402	98	85

Note—Unfilled orders of the prior week plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

Member Bank Condition Statement

In the following will be found the comments of the Board of Governors of the Federal Reserve System respecting the returns of the entire body of reporting member banks of the Federal Reserve System for the week ended with the close of business Sept. 24.

The condition statement of weekly reporting member banks in 101 leading cities shows the following principal changes for the week ended September 24: An increase of $27,000,000 in commercial, industrial and agricultural loans, and decreases of $49,000,000 in reserve balances with Federal Reserve Banks, $84,000,000 in balances with domestic banks, and $155,000,000 in deposits credited to domestic banks.

Commercial, industrial and agricultural loans increased $15,000,000 in New York City and $27,000,000 at all reporting member banks.

Holdings of United States Government direct and guaranteed obligations declined $47,000,000 in the Chicago district and $11,000,000 at all reporting member banks and increased $36,000,000 in New York City.

Demand deposits-adjusted increased $35,000,000 in New York City, $21,000,000 in the Philadelphia district, $14,000,000 in the Richmond district and $15,000,000 at all reporting member banks and declined $16,000,000 in the San Francisco district and $12,000,000 in the Cleveland district.

Deposits credited to domestic banks declined $55,000,000 in New York City, $38,000,000 in the Chicago district and $155,000,000 at all reporting member banks.

A summary of the principal assets and liabilities of reporting member banks together with changes for the week and the year ended Sept. 24, 1941, follows:

Assets—	Sept. 24, 1941 $	Increase (+) or Decrease (—) Sept. 17, 1941 $	Increase (+) or Decrease (—) Sept. 25, 1940 $
Loans and Investments—total	29,120,000,000	+ 22,000,000	+4,954,000,000
Loans—total	10,954,000,000	+ 37,000,000	+2,265,000,000
Commercial, industrial and agricultural loans	6,389,000,000	+ 27,000,000	+1,814,000,000
Open market paper	393,000,000	— 1,000,000	+ 98,000,000
Loans to brokers and dealers in securities	481,000,000	+ 12,000,000	+ 66,000,000
Other loans for purchasing or carrying securities	437,000,000	--------	— 25,000,000
Real estate loans	1,258,000,000	— 2,000,000	+ 35,000,000
Loans to banks	40,000,000	--------	+ 5,000,000
Other loans	1,956,000,000	+ 1,000,000	+ 272,000,000
Treasury bills	814,000,000	— 30,000,000	+ 195,000,000
Treasury notes	2,294,000,000	+ 7,000,000	+ 238,000,000
U. S. bonds	7,962,000,000	+ 5,000,000	+1,434,000,000
Obligations guaranteed by U. S. Gov't	3,327,000,000	+ 7,000,000	+ 751,000,000
Other securities	3,769,000,000	— 4,000,000	+ 71,000,000
Reserve with Federal Reserve Banks	10,830,000,000	— 49,000,000	— 786,000,000
Cash in vault	559,000,000	+ 8,000,000	+ 51,000,000
Balances with domestic banks	3,592,000,000	— 84,000,000	+ 344,000,000
Liabilities—			
Demand deposits—adjusted	24,390,000,000	+ 15,000,000	+3,310,000,000
Time deposits	5,431,000,000	+ 1,000,000	+ 79,000,000
U. S. Government deposits	627,000,000	+ 12,000,000	+ 98,000,000
Interbanks deposits:			
Domestic banks	9,552,000,000	—155,000,000	+1,011,000,000
Foreign banks	626,000,0000	+ 13,000,000	— 66,000,000
Borrowings	1,000,000	--------	--------

Volume of Bankers Acceptances Decreased Federal Reserve Bank of N. Y. Reports

The volume of bankers' dollar acceptances decreased during August by $12,427,000 to $197,472,000 on Aug. 30, according to the monthly report of the Acceptance Analysis Unit of the Federal Reserve Bank of New York issued Sept. 19. As compared with a year ago the Aug. 30 total is $15,659,000 above that of Aug. 31, 1940, when the acceptances outstanding amounted to $181,813,000.

The decrease in the volume of acceptances outstanding on Aug. 30 from July 31 was due to decline in credits for imports, exports, dollar exchange and those based on goods stored in or shipped between foreign countries, while in the year-to-year comparison the gain was attributed to increases in imports, domestic shipments and domestic warehouse credits.

The following is the report for Aug. 30 as issued by the Reserve Bank:

BANKERS' DOLLAR ACCEPTANCES OUTSTANDING—UNITED STATES

By Federal Reserve Districts

Federal Reserve District—	Aug. 30, 1941	July 31, 1941	Aug. 31, 1940
1 Boston	$25,775,000	$28,857,000	$21,591,000
2 New York	124,002,000	132,146,000	123,227,000
3 Philadelphia	11,063,000	11,891,000	9,712,000
4 Cleveland	3,972,000	3,795,000	1,669,000
5 Richmond	225,000	767,000	178,000
6 Atlanta	1,380,000	1,676,000	1,596,000
7 Chicago	7,680,000	6,285,000	4,684,000
8 St. Louis	481,000	490,000	310,000
9 Minneapolis	122,000	121,000	965,000
10 Kansas City	--------	--------	--------
11 Dallas	355,000	442,000	61,000
12 San Francisco	22,417,000	23,429,000	17,820,000
Grand total	$197,472,000	$209,899,000	$181,813,000

Decrease for month, $12,427,000. Increase for year, $15,659,000.

According to Nature of Credit

	Aug. 30, 1941	July 31, 1941	Aug. 31, 1940
Imports	$113,899,000	$121,469,000	$79,565,000
Exports	20,694,000	21,850,000	24,272,000
Domestic shipments	10,865,000	10,816,000	8,591,000
Domestic warehouse credits	37,645,000	36,366,000	29,262,000
Dollar exchange	3,098,000	3,454,000	11,196,000
Based on goods stored in or shipped between foreign countries	11,271,000	15,944,000	28,907,000

Bills Held by Accepting Banks

Own bills	$100,311,000
Bills of others	47,498,000
Total	$147,809,000
Decrease for month	$13,025,000

Current Market Rates on Prime Bankers' Acceptances

Sept. 19, 1941

Days	Dealers' Buying Rates	Dealers' Selling Rates
30	1/2	7/16
60	1/2	7/16
90	1/2	7/16
120	9/16	1/2
150	5/8	9/16
180	5/8	9/16

The following table, compiled by us, furnishes a record of the volume of bankers' acceptances outstanding at the close of each month since Jan. 31, 1939:

1939—	
Jan. 31	$255,402,175
Feb. 28	248,095,184
Mar. 31	245,016,075
Apr. 29	237,831,575
May 31	246,574,727
June 30	244,530,440
July 31	236,010,050
Aug. 31	235,034,177
Sept. 30	215,881,724
Oct. 31	221,115,945
Nov. 30	222,599,000
1939—	
Dec. 30	$232,644,000
1940—	
Jan. 31	229,230,000
Feb. 29	233,015,000
Mar. 30	229,705,000
Apr. 30	223,305,000
May 31	213,685,000
June 29	206,149,000
July 31	188,350,000
Aug. 31	181,813,000
Sept. 30	176,614,000
Oct. 31	186,783,000
1940—	
Nov. 30	$196,683,000
Dec. 31	208,659,000
1941—	
Jan. 31	212,777,000
Feb. 28	211,865,000
Mar. 31	217,312,000
Apr. 30	219,561,000
May 31	215,005,000
June 30	212,932,000
July 31	209,899,000
Aug. 30	197,472,000

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Oct. 3 a summary for the week ended Sept. 27, 1941 of complete figures showing the volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figure being published by the Commission. The figures which are based upon reports filed with the Commission by the odd-lot dealers and specialists, are given below together with the totals for the weeks ended Sept. 6, 13 and 20:

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE NEW YORK STOCK EXCHANGE

	Total for Weeks Ended— Sept. 27	Sept. 20	Sept. 13	Sept. 6
Odd-Lot Sales by Dealers— (Customers' Purchases)				
Number of orders	14,477	15,597	14,160	11,166
Number of shares	389,803	417,686	381,725	294,998
Dollar value	$14,255,523	$16,168,971	$14,313,057	$10,769,602
Odd-Lot Purchases by Dealers— (Customers' Sales)				
Number of Orders:				
Customers' short sales	282	134	199	126
Customers' other sales *a*	15,915	17,161	16,207	12,287
Customers' total sales	16,197	17,295	16,406	12,413
Number of Shares:				
Customers' short sales	8,649	3,449	6,057	4,096
Customers' other sales *a*	400,570	425,962	410,773	304,350
Customers' total sales	409,219	429,411	416,830	308,446
Dollar value	$12,921,289	$13,229,143	$12,785,271	$9,099,528
Round-Lot Sales by Dealers—				
Number of shares:				
Short sales	0	20	30	220
Other sales *b*	119,110	122,910	120,610	85,160
Total sales	119,110	122,930	120,640	85,380
Round-Lot Purchases by Dealers—				
Number of shares	99,030	111,250	88,850	69,460

*a*Sales marked "short exempt" are reported with "other sales." *b*Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Country's Foreign Trade During June

The Bureau of Statistics of the Department of Commerce at Washington on Sept. 19 issued its statement on the foreign trade of the United States for July, with comparisons by months back to 1936. The report follows:

Total exports from the United States in July, based on documents received during the month, were $359,000,000. Although the significance of comparisons between July records and those for the earlier part of the year is impaired because of delays in the receipt of documents for shipments during the month, available data show that exports were moving out during July at a higher level than in June or in the first six months of 1941. The aggregate value of exports reported for July included relatively large shipments of lend-lease materials to British Empire destinations.

Shipments of foodstuffs became increasingly important in total export trade during July. Exports of meat products were valued at $11,000,000, lard $6,000,000, dairy products $9,000,000, and eggs (fresh and frozen) $4,000,000. The total value of exports of foodstuffs during the month was reported as $43,000,000, as compared with a monthly average during the first six months of 1941 of less than one-half as much. Exports of firearms and ammunition were reported at $20,000,000 in July.

Imports

General imports into the United States in July, valued at $278,000,000, were somewhat larger than the average for the first six months of 1941 but slightly smaller than in June. The reported aggregate of imports was not appreciably affected by the delays in receipt of documents mentioned above.

July import trade showed substantial gains over June in receipts of rubber, copper, tin, and diamonds for industrial use. Imports of coffee, cocoa, sugar and wool, all of which were imported in exceptionally large volume during the first six months of 1941, showed declines in July from June as did also imports of raw silk.

Exports Under License

During July 1941, approximately two-fifths of the recorded exports were shipped under specific, general, or unlimited licenses. General control of export trade, by the Government since July 1940, has been applied to some commodities to a greater degree than to others. Approximately three-fourths of the total metals exported were under license by July 1941. One-half of the non-metallic minerals, two-fifths of the chemical exports, and one-half of machinery and vehicle exports were also under license. These four groups of commodities comprised 64 per cent of the export trade. Much smaller proportions of other commodity exports were under control, foodstuffs being only about three per cent. Lend-lease shipments which are not included among licensed exports represented a substantial part of the exports of foodstuffs in July.

Bank Debits Up 18% From Last Year

Bank debits as reported by banks in leading centers for the week ended Oct. 1 aggregated $11,505,000,000. Total debits during the 13 weeks ended Oct. 1 amounted to $129,228,000,000, or 28% above the total reported for the corresponding period a year ago. At banks in New York City there was an increase of 24% compared with the corresponding period a year ago, and at the other reporting centers there was an increase of 31%.

SUMMARY BY FEDERAL RESERVE DISTRICTS
(In millions of dollars)

Federal Reserve District—	Week Ended Oct. 1, 1941	Week Ended Oct. 2, 1940	13 Weeks Ended Oct. 1, 1941	13 Weeks Ended Oct. 2, 1940
Boston	529	539	7,038	5,688
New York	4,790	4,272	50,614	40,840
Philadelphia	604	513	7,135	5,294
Cleveland	857	712	9,705	7,479
Richmond	464	366	5,227	3,926
Atlanta	371	284	4,278	3,140
Chicago	1,757	1,347	19,876	14,809
St. Louis	393	284	4,152	3,022
Minneapolis	229	183	2,619	2,064
Kansas City	339	265	4,338	3,380
Dallas	281	210	3,333	2,503
San Francisco	891	755	10,913	8,633
Total, 274 reporting centers	11,505	9,727	129,228	100,777
*New York City	4,381	3,916	46,105	37,142
*140 Other leading centers	6,136	5,008	71,796	54,826
133 Other centers	988	804	11,327	8,802

* Included in the National series covering 141 centers, available beginning with 1919.

Figures for the week ended Sept. 24, which we were obliged to omit last week for lack of space, follow:

SUMMARY BY FEDERAL RESERVE DISTRICTS
(In millions of dollars)

Federal Reserve District—	Week Ended Sept. 24, 1941	Week Ended Sept. 25, 1940	13 Weeks Ended Sept. 24, 1941	13 Weeks Ended Sept. 25, 1940
Boston	581	431	7,182	5,686
New York	3,786	3,384	51,332	40,987
Philadelphia	541	399	7,282	5,391
Cleveland	785	607	9,708	7,450
Richmond	416	308	5,226	3,942
Atlanta	350	251	4,286	3,141
Chicago	1,534	1,168	19,963	14,873
St. Louis	370	242	4,146	3,026
Minneapolis	203	158	2,602	2,071
Kansas City	346	270	4,344	3,405
Dallas	278	204	3,321	2,506
San Francisco	871	675	10,899	8,635
Total, 274 reporting centers	10,061	8,098	130,290	101,113
*New York City	3,442	3,112	46,660	37,172
*140 Other leading centers	5,704	4,292	72,295	55,093
133 Other centers	915	693	11,335	8,847

* Included in the National series covering 141 centers, available beginning with 1919.

Large Amount of U. S. Exports Destined for Britain—Imports from Americas Down

Partly because of the inclusion of relatively large shipments of lend-lease materials to British Empire destinations, the reported statistics of foreign trade by countries in July indicate an increasingly heavy concentration of exports to British countries. Although the significance of comparisons between July exports and those for earlier periods is impaired because of delays in the receipt of documents for shipments during the month, available data show that British Empire countries and Egypt took approximately 72 per cent of all recorded exports in July as compared with 65 per cent in the first half of the year. The aggregate value of shipments to these countries in July was reported at $257,000,000. Included in the total are exports to the United Kingdom valued at $129,000,000, a substantially higher figure than in June, exceptionally heavy shipments to Egypt valued at $25,000,000 and exports to British India, Australia, New Zealand, and the Union of South Africa at higher levels than in the preceding month. A report issued by the Commerce Department Oct. 2 went on to say:

Exports to Japan declined in July for the seventh consecutive month to about two-thirds of the June 1941 value and about one-fifth of the July 1940 value. The freezing of Japanese funds in the United States on July 25, 1941 had no appreciable effect upon the total exports for the month.

Shipments to the U.S.S.R. during July, reported at $3,100,000, were about one-sixth larger than in June, but only one-half as large as in July a year ago.

Exports from the United States to the American Republics and to the European possessions in the Latin American area, as reported, amounted to $67,000,000 in July. Shipments to South American destinations were increased to some extent as compared with June, while those to Mexico, Cuba, and other countries in the Central American and Caribbean regions were reduced.

General imports into the United States during July, valued at $278,000,000, were somewhat larger than the average for the first six months of 1941 but slightly smaller than in June. July import statistics show decreases as compared with June of 18 per cent in the value of goods received from Latin America and of 4 per cent and 6 per cent, respectively, in those from Europe and Northern North America. Imports from Asia, Oceania, and Africa increased by 14 per cent, 28 per cent and 19 per cent, respectively, in July over June. In comparison with the corresponding month of last year, imports from all leading trade regions, with the exception of Continental Europe and Africa, showed increases in July.

Imports from Latin America declined by $16,300,000 from $91,800,000 in June to $75,500,000 in July, an amount which represents the lowest level for the trade since January 1941. The decline reflects smaller arrivals of coffee from Colombia and Brazil, of sugar from Cuba, of tin from Bolivia, and of wool from Argentina and Uruguay. The allowable quotas under the coffee agreement between the United States and the American Republics effective last October were largely filled by July 1, with the result that coffee imports were unusually small in July.

Imports from British Empire countries were valued at $132,000,000 in July, representing a gain of 13 per cent as compared with June 1941, and of 20 per cent as compared with July 1940. The increase over June was accounted for mainly by larger imports from the United Kingdom and British countries in the Far East and Africa. Imports from Canada were slightly smaller in value than in June. In comparison with July 1940, however, imports from the United Kingdom and the Union of South Africa were at a lower level while imports from all other leading Empire countries were substantially increased.

United States imports from Japan declined from $13,000,000 in June to $8,800,000 in July principally as a result of a decline in imports of raw silk from $9,226,000 to $5,158,000. The total value of July 1941 imports was about two-thirds the total of $13,400,000 for July 1940.

The following tabulation covers the month of July, the previous month, and the corresponding month of last year:

Thousands of Dollars (000 Omitted)

Geographic Division and Country	Exports July, 1940	Exports June, 1941	Exports July, 1941	Imports July, 1940	Imports June, 1941	Imports July, 1941
Europe	124,810	111,478	139,327	32,393	24,486	23,548
Northern North America	62,267	75,333	69,401	39,851	49,314	46,558
Southern North America	24,162	35,661	29,926	24,545	35,445	31,554
South America	34,138	34,011	36,935	34,064	56,325	43,964
Asia	50,554	45,255	35,516	84,610	90,090	102,774
Oceania	8,502	7,096	8,111	2,069	12,444	15,891
Africa	12,235	20,904	39,434	14,861	11,432	13,558
Total	316,669	329,737	358,649	232,393	279,536	277,837
Argentina	10,650	6,755	9,568	5,175	16,713	13,364
Australia	6,239	5,939	6,172	1,359	11,506	13,572
Belgium	a	a	a	444	497	1,537
Belgian Congo	1	1,083	934	1,854	2,440	3,734
Bolivia	482	818	711	535	4,101	1,947
Brazil	7,205	8,700	9,709	9,004	11,771	10,307
British East Africa	607	1,603	154	116	543	934
British India	7,135	4,055	5,575	9,685	10,613	11,523
British Malaya	1,781	2,399	1,663	22,573	23,233	32,461
Canada	61,274	74,306	68,076	37,975	48,156	44,585
Ceylon	166	37	29	2,323	2,802	4,402
Chile	3.110	3,978	3,752	8,583	5,730	9,462
China	6,934	6,055	3,915	9,756	7,078	10,465
Colombia	3,785	4,453	4,292	4,291	6,594	1,023
Costa Rica	925	846	622	439	496	345
Cuba	6,105	7,963	6,704	10,911	16,762	12,623
Curacao (Neth. West Ind.)	1,485	1,199	777	1,321	4,306	5,939
Dominican Republic	646	666	439	453	1,495	937
Equador	288	649	551	324	529	542
Egypt	818	12,011	25,071	304	779	134
El Salvador	287	287	347	1,129	737	817
Finland	1,662	720	109	260	329	2
France	206	2	a	1,751	375	94
French-Indochina	302	184	90	165	963	58
Germany, Czecho-Slovakia & Poland	a	----	----	203	502	115
Gold Coast	58	27	337	1,884	2,192	1,891
Greece	31	186	144	1,836	4,863	714
Guatemala	526	618	599	768	964	701
Honduras	640	569	602	1,139	856	915
Honk Kong	1,839	2,555	2,379	450	286	223
Iran (Persia)	796	735	210	736	361	1,026
Iraq	348	50	212	211	708	830
Ireland	1.120	9	224	342	283	110
Italy	16	----	----	802	7	4
Japan	15.364	5,687	3,346	13,362	13,000	8,835
Kwantung	1,272	174	62	332	77	7
Mexico	7,109	12,590	8,337	6,985	7,428	6,945
Netherlands	----	a	a	151	14	4
Netherlands Indies	3,786	10,287	7,116	14,395	17,324	23,392
Newfoundland & Labrador	860	1,004	1,292	1,730	1,158	1,937
New Zealand	2,184	1,005	1,844	677	818	1,535
Norway	4	a	----	87	69	----
Panama, Republic of	1,438	4,056	3,702	349	469	246
Panama Canal Zone	2,651	4,278	5,152	46	45	57
Peru	1,329	2,346	1,959	1,540	2,132	1,001
Philippine Islands	7,169	10,577	7,738	7,587	8,756	7,970
Portugal	2,467	856	936	988	2.226	1,364
Spain	1,909	2,122	1,354	1,611	1,759	1,425
Sweden	1,140	410	3,321	331	419	248
Switzerland	98	781	1,065	1,430	2,607	2,655
Thailand (Siam)	1,729	617	442	129	109	124
Trinidad and Tobago	512	499	566	176	398	185
Turkey	123	632	130	1,649	1,344	913
Union of South Africa	9.620	5,726	10,701	8,027	2,856	5,638
Union of Soviet Soc. Republics	6,124	2,671	3,133	897	165	2,994
United Kingdom	109.867	103,108	128,771	20,300	9,793	11,392
Uruguay	1,195	1,425	1,508	902	3,680	2,028
Venezuela	5,618	4,598	4,445	3,218	3,953	3,224

a Less than $500.

Petroleum And Its Products

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Harold L. Ickes, Federal Petroleum Coordinator, will head the list of speakers at the annual convention of the American Petroleum Institute in San Francisco November 3-7, it was disclosed in the advance schedule for the meetings. Other speakers include Senator Connally, of Texas, W. R. Boyd, Jr., Vice-President of the Institute, Ralph K. Davies, Mr. Ickes' assistant, and Commander T. G. Galbraith, Royal Navy, British Supply Council. Chief business before the Institute's Board of Directors is the election of a new president to succeed the late Axtell J. Byles.

Higher prices for crude oil were urged this week by Walter L. Goldston, of the executive board of the Independent Petroleum Association of America in a statement in Houston. "The cost of producing this settled production (stripper wells) varies from $1.50 to $2 per barrel," he said. "In many fields posted crude oil prices fall below the average of $1.50 per barrel resulting in the abandonment of valuable stripper production. Prices of crude oil have not increased in line with other commodities and today are 11⅓ per cent below the 1935-37 levels."

The constitutionality of the Illinois 5 per cent oil production tax was challenged this week when eight firms and three individuals entered suit in the Sangamon County Circuit Court in Springfield. The firms include Shell Oil, Texas, Sohio Corp., Adams Oil & Gas, Felmont Corp., H. H. Weinert Inc., Diamond Half Oil Corp. and Stewart Oil. Temporary injunctions were granted each plaintiff prohibiting the State Department of Finance from turning the money, paid under protest for taxes, into the State's general revenue fund. No date has been set to hear the cases.

There were no major price changes posted during the week.

Refined Products

First move in the expected curtailment of oil burner production, scheduled for the twin purposes of conservation of raw materials needed in other branches of industry occupied with defense projects and of curtailing consumption of fuel oil, will be announced shortly when defense housing builders in the shortage-threatened East Coast territory will be denied priorities for oil burners.

The restrictions upon oil burner installations will be limited to the Eastern Seaboard which has been designated as the oil shortage area by the office of the Petroleum Coordinator. Since the majority of the nation's fuel oil burners in private homes are in this thickly-populated area of the country, the

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Foreign Front

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It is instructive that Mexico now is reported on the verge of signing extensive agreements with the United States, covering payments of petroleum and general claims, on the basis of large loans by the United States and other inducements. No specific reference so far has appeared to the heavy total of completely defaulted Mexican external indebtedness, of which an important part is held in the United States.

Politically, many of the Latin-American States seem to be experiencing unwelcome propaganda from warring countries in Europe. This has occasioned recent "incidents" involving German diplomatic representatives. Since the Reich is well bottled up, however, such matters are not of much immediate significance. Revolutionary tendencies are present in some of the countries but probably will diminish in the light of greater prosperity.

Petroleum And Its Products

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move will definitely bring about sharp contraction in usage of oil burners in the home heating field.

Even prior to the news of the "temporary" re-transfer of 12 to 15 tankers from Britain back to this country, oilmen in the East had figured that barring exceptionally cold weather this winter, the industry would be able to keep abreast of demand. It was pointed out that the savings resulting from the increased public consciousness of the difficulties in transportation of crude oil to Eastern refineries plus increased use of railroad tank cars and other forms of substitute transportation meant that the threat of a serious shortage had largely been dissipated.

A decline of nearly 300,000 barrels in inventories of finished, unfinished and aviation fuel on the East Coast offset rising stocks in other sections of the country, and a net decline of 133,000 barrels for the nation as a whole developed for the week ended October 4. The mid-week report of the American Petroleum Institute further disclosed that stocks of 80,870,000 barrels on October 4, while approximately 2,000,000 barrels less than held at this time last year, didn't make too bad a showing when it is recalled that last year's figure included a "surplus" of several million barrels.

A gain of 146,000 barrels in production of motor fuel last week lifted the total to 13,359,000 but this increase was offset by the higher consumption resulting from the warm weather which stimulated motorists' consumption. With less favorable weather, a decline in pleasure car motoring may be expected and the higher gasoline production then will become a more important factor in building stocks. Residual fuel oil stocks showed seasonal gains during the period, rising 735,000 barrels but inventories of gas oil and distillates were off 397,000 in reflection of the sustained high rate of industrial activity.

Refinery operations hovered around the year's higher levels, showing an improvement of 0.8 per cent during the week to hit 93.3 per cent of capacity. Daily average runs of crude oil to stills were up 35,000 barrels as the industry again passed the 4,000,000-barrel level, rising to 4,015,000 barrels. With gasoline demand still holding at record levels, refinery operations may be expected to continue in the higher brackets for the balance of the year.

Price changes in the major refined products in the country's marketing areas were again confined in most part to local readjustment. Prices in most of the East Coast cities of gasoline continue higher than those established in the "fair-price" list of the Government but no action has yet been taken, and service station operators hold that higher prices are necessary to meeting increased operating costs and higher raw material levels.

Lumber Movement for Week Ended Sept. 27

Lumber production during the week ended Sept. 27, 1941, was slightly abve the previous week; shipments were 3% less; new business 4% less, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 0.3% above production; new orders 6% below production. Compared with the corresponding week of 1940 production was 8% greater, shipments 3% less, and new business 8% less. The industry stood at 127% of the average of production in the corresponding week of 1935-39 and 126% of average 1935-39 shipments in the same week.

Year-to-date Comparison

Reported production for the 39 weeks of 1941 to date was 13% above corresponding weeks of 1940; shipments were 15% above the shipments and new orders were 11% above the orders of the 1940 period. For the 39 weeks of 1941 to date, new business was 6% above production, and shipments were 6% above production.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 37% on Sept. 27, 1941, compared with 31% a year ago. Unfilled orders were 1% greater than a year ago; gross stocks were 14% less.

Softwoods and Hardwoods

Record for the current week ended Sept. 27, 1941, for the corresponding week a year ago, and for the previous week, follows in thousand board feet:

Softwoods and Hardwoods

	1941 Week	1940 Week	1941 Prev. Wk. (Rev.)
Mills	475	475	470
Production	288,031	266,807	287,934
Shipments	288,963	297,861	297,366
Orders	269,774	292,682	281,244

	Softwoods 1941 Week	Hardwoods 1941 Week
Mills	385	90
Production	277,113—100%	10,918—100%
Shipments	276,662—100	12,302—113
Orders	259,158— 94	10,616— 97

Pepper Margins

The Office of Price Administration has approved the proposal of the New York Produce Exchange to reduce the pepper contract margin requirement from $1,000 to $500. The OPA explained that this action was taken "because excessive speculative activity in pepper futures on the New York Produce Exchange has ceased and prices for several months have reflected actual market conditions." Margin requirements had been raised to $1,000 by the Exchange late in May, 1941, at the suggestion of the then Office of Price Administration and Civilian Supply, after speculative activity had sent futures to "unjustified levels."

"Invisible" Sugar Supplies

The Department of Agriculture issued on Sept. 11 its summary of data on "invisible" supplies of sugar in the United States for the second quarter of 1941, together with a record of receipts and deliveries. The report on the first quarter was issued May 29 (see issue of June 14, page 3720). The data for the second quarter report were obtained by the Sugar Division of the Agricultural Adjustment Administration from schedules received from 1,541 manufacturers, wholesalers and retailers. The following table summarizes the data:

STOCKS OF SUGAR HELD BY 1,541 MANUFACTURERS, WHOLESALERS, RETAILERS, ETC., ON SPECIFIED DATES, TOGETHER WITH RECEIPTS AND DELIVERIES OF SUGAR, SECOND QUARTER, 1941*

(Short tons)

	No. of Firms Reporting	Stocks Mar. 31, '41	Receipts, April 1-June 30, '41	Deliveries or use, April 1-June 30, '41	Stocks June 30, '41
Total	1,541	574,657	1,057,155	1,019,032	†612,780
Comparable data for second quarter, 1940	1,311	346,691	681,188	644,892	382,987
Comparable data for second quarter, 1939	1,415	306,555	696,918	717,492	285,981

*The second quarter receipts by the firms reporting for this period on Form SS-33 were approximately 61.8% of the total deliveries of sugar by refiners, processors and importers for the period April 1 to June 30, 1941. †Does not include sugar in transit, amounting to 120,249 tons on June 30, 1941.

Madden in Bulletin Finds No Adequate Formula for Hedging Against Inflation

There seems to be no adequate, generally applicable formula for hedging against inflation according to a bulletin entitled "Hedging Against Inflation" issued on Sept. 29 by Dean John T. Madden, Director of the Institute of International Finance of New York University. It is pointed out that during the past few months commodity prices in the United States have risen sharply and, whenever such a development occurs, particularly in time of war, people become preoccupied with the problem of devising ways and means of protecting themselves against the effects of the constant decline in the purchasing power of the currency. This is commonly termed hedging against inflation. The release issued relative to the bulletin also says in part:

> Hedging against inflation involves (1) protection of the purchasing power of current and future income during the period of rising prices; and (2) preservation of capital by converting cash, monetary claims, and evidences of debt into assets, which after the inflation are likely to have the same purchasing power as they had at the beginning of the inflationary movement. The selection of an effective hedging method depends on the correct diagnosis of the nature of the inflation, that is, on whether the inflation is of the permanent type, such as occurred in a number of Continental European countries during and immediately after the World War, or whether it is only temporary in character, as in the case of the United States, Great Britain, and the Scandinavian countries during the same period. The great productive capacity of the industrial plant and agriculture in the United States, combined with the vast and varied natural resources of the country and the huge store of gold that could be used for purchases of commodities abroad, would indicate that, if inflation were to develop in this country, it would be temporary in character and that in all probability the end of the emergency would be followed by a sharp decline in commodity prices.

The bulletin shows that manufacturing concerns, as well as enterprises engaged in wholesale or retail distribution of commodities, can hedge against inflation by utilizing their cash balances and the proceeds from the liquidation of assets representing monetary claims such as bonds and mortgages for improving the efficiency of plant and equipment, for carrying larger inventories, for increasing research facilities and for carrying on advertising in order to improve the quality of the product and to widen its market.

The position of financial institutions in times of inflation differs materially from that of industrial and mercantile concerns. Banks and insurance companies operate exclusively or chiefly with borrowed funds in the form of deposits and premiums, and therefore, are not concerned with changes in the purchasing power of the currency. Moreover, laws and regulations limit investments of these institutions mainly to monetary claims and evidences of debt. Hence, mutual savings banks and mutual insurance companies do not have to hedge at all. Banks and insurance companies organized as stock corporations have the task of protecting only the purchasing power of the stockholders' equity. In past periods of inflation such financial institutions could hedge through the acquisition of gold, foreign exchange, or foreign currency bonds. At present, ownership of gold is prohibited by law, while the purchases of foreign exchange or of bonds stated in foreign currency is certainly not desirable under the economic and political conditions existing throughout the world.

The only way banks can protect the purchasing power of their own resources is through increasing earnings and transferring them to reserves.

So. Pine Prices Revised

Federal Price Administrator Henderson announced on Sept. 4 upward revisions in the ceiling price schedule for Southern pine lumber. The adjustments in the schedule, Mr. Henderson said, were necessary in view of complaints from small mill owners that the maximum prices in the original schedule would result in "widespread hardships." The previous ceiling was fixed on Aug. 16, and was scheduled to go into effect Sept. 5. The new prices it is stated are still below those of Aug. 15 despite the generally higher levels. The schedule announced Aug. 15 was referred to in our issue of Aug. 23, page 1072.

Knox Says U. S. Must Help Police World, Join Britain After War to Enforce Peace

Secretary of the Navy Frank Knox urged on Oct. 1 that, after defeat of the Axis powers, the United States and Great Britain join forces "to stop new aggressions, which might lead to a world disturbance, at its beginnings." Speaking before the annual convention of the American Bar Association at Indianapolis, Secretary Knox declared that "if we are to be able to help re-establish a world ruled by laws and not by men, we must provide both the major power and the dominant leadership." Continuing, the Secretary stated:

> You may say, What business is it of ours to police the seven seas? Why should we provide both the leadership and the major force to insure against another world war? My answer is history-made. Twice we have learned from bitter experience that no matter how great our reluctance to participate the world has now grown so small, so inter-related, so interdependent, that, try as we will, we cannot escape.
>
> This does not mean that we must fight every time there is a disturbance in the world, but it does mean that the great law-abiding, peace-loving nations must take the power into their hands and keep it there for a long time to come to prevent the inauguration of another world war.
>
> To put it bluntly, we must join our force, our power to that of Great Britain, another great peace-loving nation, to stop new aggression, which might lead to a world disturbance, at its beginnings.

Secretary Knox said that "our safety and our prosperity in the world of the future lies in a stern insistence upon the principle of the freedom of the seas, the assurance of equal opportunity for world trade and the proviso that sea power shall not be made the instrument of selfish aggression."

Stressing how vital is the principle of the freedom of the seas, the Secretary stated:

> It is the hope of the world that sea power for the next hundred years, at least, will reside in the hands of the two great nations which now possess that power, the United States and Great Britain. You may say it is a dangerous power when controlled by so few, and there is truth in that reflection. But, feeble and inadequate as may be the impulses in American and British hearts for the common good and the advancement of civilization, and likely as it may be that this power will sometimes be abused, it is far safer thus than if that power should be permitted to pass into the hands of aggressive nations who seek their own selfish aggrandizement.

Pointing out that "we are already sweeping the German pirates from the North Atlantic and bringing to England the products of the arsenal we have set up here," Mr. Knox emphasized that in the long run the advantage of sea power will be decisive.

In conclusion, Secretary Knox declared:

> A justly conducted, peace-loving force must intervene to save the world from self-destruction. The foundation of such a force, as I have indicated, must be the control of the seas by the United States and Great Britain.
>
> Other nations of similar peaceful inclinations, and lacking in aggressive designs, could be joined to them, and thus the beginning would be made leading toward the restoration of international law, the policing of the highways, the opening of the door of opportunity to all peoples and the achievement of a world in which war, at last, shall be abandoned as an instrument of national policy.
>
> I make no claims for this proposal as a counsel of perfection. It is an attempt, obviously, to deal with the world as we find it; with facts as they are. But of this thing we can be sure, that respect for law must be restored if the world is to recover and popular government is to be preserved. And the only kind of peace which is available in this world in which we live is the kind of peace that can and will be enforced through the superior power of those nations that love justice and seek after peace.

Transfers Export Control

President Roosevelt recently issued an executive orders transferring the hitherto independent office of Export Control to the Economic Defense Board, which is headed by Vice-President Wallace. Under this order the export control administration becomes a subdivision of the Economic Defense Board. Heading the new section is Milo Perkins, former head of the Commodity Credit Corporation. He replaces Brig. Gen. Russell L. Maxwell, who had been Export Control Administrator since the agency was set up on July 2, 1940. It is reported that the President has ordered Gen. Maxwell to return to the War Department.

In connection with the transfer Vice-President Wallace has instructed the Supply Priorities and Allocations Board, which he also heads, and the Economic Defense Board to draft an action program under which the total amount of critically needed raw materials will be stepped up.

Morgenthau Proposes Corporation Profits Be Limited to Six Per Cent in Emergency

The proposal that all corporation profits be limited to 6% during the current emergency, with the Government receiving the remainder through excess profits was made on Sept. 24 by Secretary of the Treasury Morgenthau before the House Banking and Currency Committee during its hearing on the Administration's price-control bill. Hearings on the bill were resumed by the committee on Sept. 17 after a month's recess. Mr. Morgenthau told the committee that "passage" of the bill will be one additional step forward against inflation, the war on our home front, the war that must be fought and won if we are to preserve our American heritage." He conceded that "price control alone will not conquer inflation" —that "the bill alone cannot stop price rises" and in citing some of the more important steps that the Government is taking to check prices,—(viz. the passage of the new tax bill, the Treasury's borrowing program to absorb excess income, the tax anticipation note program, the authority conferred on the Reserve System to control consumer investment credit, and the efforts of the Office of Price Administration to control prices), Secretary Morgenthau declared that these steps are not enough, and in part he added:

> If we are to be sure of victory in the fight against inflation, we must prepare further to increase taxes. We may have to extend the general controls over bank credits. We shall certainly have to reduce capital expenditures for non-defense needs and widen the sale of defense savings bonds and stamps.
>
> It would be wise to extend the Social Security program to absorb purchasing power now and pave the way for increased purchasing power after the emergency.
>
> It will also be essential for Federal, State and local governments to reduce non-defense spending as much as possible---
>
> We must do much more than cut down purchasing power; we must attack the problem from the other side. Rising prices can also be retarded by increasing the supplies of goods which do not compete with defense needs.
>
> We are in a position to do just that. The Government has in its warehouses vast quantities of cotton, wheat and corn. Our granary doors should now be opened, enough at least to prevent unreasonable price rises.

The Secretary stated that "such a step would be in agreement with our established agricultural policy—the ever-normal granary," and he went on to say—

> The concept of an ever-normal granary, which calls for a control of falling farm prices, seems to me to call equally for control over rising farm prices. This bill, however, specifically restricts the authority of the Price Control Administration over farm prices. That is, I believe, the major defect of the bill. I strongly recommend that this inflexibility be removed, in the interest of the attack upon inflation, in the interest of the standard of living of our people and in the long-run interests of farmers as well.
>
> I am not disturbed by the general level of agricultural prices now prevailing, but I am deeply concerned about the danger that agricultural prices will continue to rise as they did in the World War.
>
> Such a rise would hasten general inflation, would restrict the standard of living, and would even interfere with the health and morale of our people.
>
> And it cannot be repeated too often that in the long run the worst sufferers from inflation are farmers themselves. After the first World War inflation, agriculture was the hardest hit and the slowest to recover.

Taking cognizance of the suggestion during the hearings before the committee that the bill should include a ceiling over wages, Mr. Morgenthau indicated his opposition to this, saying:

> I should like to go on record as not sharing this view. In free countries labor is not a commodity, human beings are not property; and they should not be treated as such.

Further explaining his position, Mr. Morgenthau said:

> I fully appreciate that wages affect the cost of production and the general level of prices. However, I feel very definitely that if we can, on the one hand, keep the cost of living from rising, and, on the other hand, impose adequate taxes on excessive profits, then we will have removed the major causes for demands for general wage increases.
>
> Furthermore, it is worth noting that the major portion of our defense industries today is covered by collective bargaining contracts, and only a sharp rise in the cost of living is likely to upset those contracts.

Mr. Morgenthau's proposal that corporation profits be limited to 6%, came during questioning by committee members at the conclusion of his prepared statement on Sept. 24. Following his recommendation, Mr. Morgenthau announced on Sept. 25 that Treasury experts had undertaken the drafting of a proposed bill to limit corporation profits to 6%. As to this, Associated Press accounts from Washington Sept. 25 said—

> The drafting task of his experts, Mr. Morgenthau explained, is to surround the idea of a 6% limit on corporation profits, with other provisions to make the proposed law as fair as possible to various kinds of business firms.
>
> Sweeping aside questions as to whether some inequalities might not remain despite these efforts, Mr. Morgenthau said:
>
> "We are going to try to make it as fair as possible, but of course, somebody is going to get hurt.
>
> "We can't continue to live the way we are and be the arsenal of democracy.
>
> "For some time. I have been wanting to say that we ought to remove what I call the profit motive in war or national defense, and I think the way to remove the profit from war or national defense is to make it unprofitable.
>
> "One reason I made this suggestion at this time was that I felt that the complacency of the country called for some kind of statement from me.
>
> "We all have got a big job to do for national defense and we are asking a lot of people to make sacrifices, especially those whom we are asking to leave their business and homes to go into the army and navy at a dollar a day.
>
> "If we ask them to do that, I think everybody else ought to be willing to do as much."

In advices from its Washington bureau, the "Wall Street Journal" of Sept. 30 said—

> Treasury Secretary Morgenthau said yesterday his limit profits bill will not be ready before January and that he will not recommend that it apply to 1941 business.
>
> He said his experts had only begun to draft such a bill. He pointed out that since the Treasury will seek higher taxes it takes still more time to make such proposals "equitable."
>
> He declined to discuss whether the 6% of profits on invested capital proposal has Administration backing. At the same time he made it clear that the Treasury will present the bill to Congress. "We ask the opportunity to sit down and talk over the proposals with" the Congressional tax committees.
>
> Mr. Morgenthau warned against speculation as to what definition the bill will carry for the term "invested capital." He said there is no single definition for this term.
>
> Before the price control hearing, Mr. Morgenthau had mentioned informally that invested capital meant "dollars going into business."

Supreme Court Pays Tribute to Brandeis At Opening Session of its 1941-42 Term

Louis Dembitz Brandeis, retired Associate Justice of the United States Supreme Court who was noted for his liberal views, died on Oct. 5 at his home in Washington as the result of a heart attack suffered on Oct. 1. He would have been 85 years old on Nov. 13. Justice Brandeis was appointed to the Supreme Court by President Wilson in 1916 and served until his retirement on Feb. 13, 1939.

When the Supreme Court opened its 1941-42 term on Oct. 6 a brief session was held in which tribute was paid to Justice Brandeis, the Court then adjourning out of respect to his memory. The new Chief Justice, Harlan F. Stone, announcing the death "with profound sorrow," said:

> Learned in the law, with wide experience in the practice of his profession, he brought to the service of the court of of his country rare sagacity and wisdom, prophetic vision, and an influence which derived power from the integrity of his character and his ardent attachment to the highest interests of the court as the implement of government under a written constitution.
>
> His death brings to a close a career of high distinction, and life of tireless devotion to the public good.
>
> As mark of respect to Justice Brandies's memory the Court will adjourn without transacting further business.

In his message of condolence to Mrs. Brandeis, President Roosevelt said

> My heart goes out to you and yours in the loss of a loved—and loving husband and father, who was my faithful friend through the long years.
>
> Mrs. Roosevelt joins me in this assurance of deepest sympathy.
>
> The whole nation will bow in reverence to the memory of one whose life in the law, both as advocate and judge, was guided by the finest attributes of mind and heart and soul.
>
> In his passing, American jurisprudence has lost one whose years, whose wisdom and whose broad spirit of humanism made him a tower of strength.

A tribute to the memory of Justice Brandeis was also issued by Chief Justice Charles E. Hughes, who said:

> I am profoundly grieved by the passing of Justice Brandeis, my friend of over 50 years. I worked with him in the early days at the bar and I deemed it a high privilege to be associated with him in the work of the court.
>
> He brought his wide experience and his extraordinary acumen to the service of the public interest and in a judicial career of the highest distinction left his permanent impress upon our national jurisprudence.

With the opening of the new term of the Supreme Court—at which the nine Justices were present—a new Chief Justice and two new Associate Justices took their seats with their associates—they were Chief Justice Harlan F. Stone and Associate Justices James F. Byrnes and Robert H. Jackson. As to this, Associated Press accounts from Washington Oct. 6, pointed out:

> The change in the make-up of the Court has occurred since it adjourned June 2 for the summer. Harlan F. Stone, as Associate Justice since 1925, was appointed to succeed Chief Justice Charles Evans Hughes.
>
> Names as Associate Justices were Mr. Byrnes, one of President Roosevelt's Senate leaders, and Mr. Jackson, who as Attorney-General argued a large number of administration cases before the tribunal.
>
> This brought to seven the number of Justices picked by the President since 1937. The exceptions are 66-year-old Owen J. Roberts, a Pennsylvania Republican, and Mr. Stone.

Chief Justice Stone and Justice Byrnes took the oath of office on July 3 and July 8, respectively (noted in our issue of July 12, page 188), while Justice Jackson was sworn in on July 11 (referred to in these columns of July 19, page 333). All three of these nominations were sent to the Senate by President Roosevelt on June 12. The Senate confirmed the nomination of Mr. Byrnes on the same day (June 12), that of Mr. Stone on June 27 and that of Mr. Jackson on July 7.

The resignation of Associate Justice Brandeis was reported in these columns Feb. 18, 1939, page 971.

Priority for Lead

In an effort to conserve the supply and direct the distribution of lead, the Priorities Division of the Office of Production Management issued on Oct. 3 a general preference order imposing full priority control on the metal.

The order, it is learned from special Washington advices to the New York "Journal of Commerce" contains the following main points:

> 1. Refiners and dealers must file with the OPM Priorities Division not later than the 20th of each month a schedule of proposed shipments for the following month.
>
> 2. After Oct. 1, each refiner must set aside from his production a quantity to be fixed from time to time. These amounts are to be allocated directly by the priorities division to meet emergency situations.
>
> 3. In shipping the balance of production after the pool requirement has been met, each refiner must give preference to defense orders, as required by priorities regulation No. 1.
>
> 4. All lead released by Metals Reserve Co. will be allocated by the Director of Priorities.

Our Reporter On "Governments"

(Continued from Page 515)

intensify its educational program, will sponsor greater application of the pay-roll deduction system and will allow to a minor degree, perhaps, a type of "quota system." . . . But on the issue of an all-out campaign, Secretary Morgenthau was most explicit in his address to the convention October 2. . . . Said the Treasury head:

"I can find no usefulness, for our present purposes, in the old Liberty Loan method of fixing money quotas for communities, trades, labor unions, school classes or individuals in this Defense Savings program. I can see no value, either in terms of economics or morale, in high-pressuring people to take money out of bank savings accounts or out of life insurance. But I do see a great benefit, financial and moral, in persuading spenders to set aside, systematically, week after week, a part of their current income for their own good and their country's good." . . .

Study that quotation. What it means is that there will be some intensification of the defense savings sale—but just some. The real drive is yet to come, for Morgenthau has not yet been convinced of the virtues of putting this campaign over with a bang. . . .

Loans

The importance of commercial loan trends to the Government bond market is direct and clear. . . . And on that subject, the bankers also are generally in accord. . . . They feel that non-defense loans will drop drastically during the coming months (Morgenthau's address asked this and the A.B.A.'s resolutions committee's report confirmed it). . . . They believe defense loans will continue to increase but not at as rapid a pace as in recent months. . . . And so they see no vital danger to their investment portfolios because of the demand on their loan departments. . . .

This point ties in with the possibility of further official cuts in excess reserves, by the way. . . . If the banks are not pressed for loans to any tremendous extent, they'll be able to absorb additional increases in their reserve requirements without damage to their investment holdings. . . .

(And, besides, the banks anticipate that any boosts in requirements in the future will be publicized well in advance "by feelers," just as the most recent increase was. This preliminary work is important and is considered necessary to the stability of the market.)

Minor Points

The next cash issue of the Treasury is expected at almost any time — maybe within hours after publication of this column. The bankers are ready for the issue, expect to bid heavily for whatever bonds are offered, anticipate that the financing will be another huge success. . . .

Most commonly mentioned total for the issue was $1,000,000,000, including the refunding of the December maturity. . . .

> **The "beautiful" profits yielded by arbitraging transactions in the years gone by no longer are deemed important by most banks. . . . It is admitted that the issuance of taxable issues has killed the best part of the arbitraging business within the Government bond market. . . . That the thinness of trading these days makes switching back and forth between issues more difficult than ever before. . . .**

Many bankers mentioned advantages of "rolling over" maturities—buying notes about to mature, holding them until shortly before a refunding takes place, then selling them in the open market and buying another maturing issue. . . .

There is some profit in the transaction and a minimum of risk. . . . In addition, if the refunding issue turns out to be attractive, the institution "rolling over" its maturities may choose to refund into the new obligation. . . .

Roosevelt Calls on Labor and Management To Cooperate and Avert Defense Strikes

President Roosevelt in a message to the American Federation of Labor convention in Seattle, called on Oct. 7 for the discarding of "organizational rivalries and jursidictional conflicts" and said that "the establishment of peace between labor organizations would be a patriotic step forward of incalculable value in the creation of true national unity." The President also appealed to labor and management to cooperate with Government machinery set up to adjust industrial disputes saying that, since "national defense hinges on greater industrial production", "the time has come when the services of such agencies must be used before any recourse is taken to a strike or lockout."

Asserting that the defense program shall be limited only by "the amount necessary to overwhelm the Nazi hordes," the President warned that "only by united action can we turn back the Nazi threat."

The text of the President's letter, read to the A. F. of L. convention, follows according to the Associated Press:

> Please extend my warm personal greetings to the officers and delegates attending the 61st annual convention of the American Federation of Labor and my best wishes for a successful and constructive meeting in the interests of your members and all the American people. Your delegates represent the largest membership in the history of the Federation.
>
> This meeting is an event of international significance. It is a symbol of that freedom which we, in the United States, enjoy and must make very sacrifice to maintain.
>
> As hosts of distinguished representatives of the underground labor movements of countries enslaved by Hitler, you, at this convention, need no reminder of what is at stake for the free workers of America in the present emergency.
>
> The threat of Hitlerism is directed not only at labor, even though labor is among the very first that will suffer therefrom. It is aimed at all of us—every man, woman and child who believes in freedom. It menaces everything that we cherish as Americans and free men.
>
> The American people have, therefore, pledged everything in their power that those freedoms, without which free trade unions and free institutions cannot survive, shall never be taken away from them.
>
> To protect those freedoms we shall, and must, devote every bit of human, physical and spiritual energy which we possess.
>
> Our program of defense—our production of ships, planes, guns, tanks—must be all-out. It shall be limited by only one factor—the amount necessary to overwhelm the Nazi hordes.
>
> I know that every one of you, and the millions whom you represent, will lend every effort and make very necessary step to accomplish this end.
>
> Every aspect of our national defense hinges on greater industrial production. The government has set up machinery to adjust industrial disputes in the full confidence that it is adequate to solve problems which may arise on defense jobs in all fairness and justice to the parties concerned.
>
> The Conciliation Service of United States Department of Labor and the National Defense Mediation Board provide ample facilities for the adjustment of differences. The time has come when the services of such agencies must be used before any recourse is taken to a strike or lockout, and I call now upon labor and management to cooperate at all times to that end.
>
> This is not the time for idle promises. This is not the time to take changes with the national safety through any stoppage of defense work or defense production. Instead, this is the time for all of us to work in harmony for the good of the individual and the common good of all the people of these United States.
>
> Every American owes that to himself and to the nation, which has given him so much.
>
> Yes, this nation has given to you and given to me the right to life, liberty and the pursuit of happiness and these are among the greatest blessings of mankind. It is our job, our everlasting job, to preserve them as we have known them and to make whatever sacrifice is necessary as individuals or as groups in order to do so.
>
> To do anything else would be to threaten their destruction and our own at the same time.
>
> In this hour when civilization itself is in the balance, organizational rivalries and jurisdictional conflicts should be discarded. Only by united action can we turn back the Nazi threat. The establishment of peace between labor organizations would be a patriotic step forward of incalculable value in the creation of true national unity.
>
> I am certain that the members of the American Federation of Labor will do their full part in carrying through the program to which we as a nation are committed and that all other responsible groups will do likewise. That is the contribution the American people will demand of all groups. That is the contribution the American people are determined they shall have for the preservation of home, family and nation.
>
> Yours is a great responsibility. Workers in bondage throughout the world look to you as producers of the weapons of freedom to release them from slavery. I know you will not fail them.

No Market in Govts. For Treasury Accounts

No market transactions in Government securities for Treasury investment accounts were completed in August, 1941, Secretary Morgenthau said on Sept. 15. There were no purchases or sales of Government securities completed in July either.

The following tabulation shows the Treasury's transactions in Government securities for the last two years:

1939—		
October	$1,201,000	sold
November	2,844,350	sold
December	3,157,000	sold
1940—		
January	$9,475,000	sold
February	20,801,000	sold
March	5,700,000	sold
April	1,636,100	sold
May	387,200	purchased
June	934,000	purchased
July	No sales or purchases	
1940—		
August	No sales or purchases	
September	$300,000	sold
October	4,400,000	sold
November	284,000	sold
December	1,139,000	sold
1941—		
January	$2,785,000	purchased
February	11,950,000	purchased
March	No sales or purchases	
April	$743,350	sold
May	200,000	sold
June	447,000	purchased
July	No sales or purchases	
August	No sales or purchases	

Freedom of Seas for U. S. Ships Reiterated; Launchings Called Blow at Aggressor Nations

On the occasion of the launching of 14 merchant vessels on the Atlantic, Pacific and Gulf Coasts on Sept. 27, Liberty Fleet Day, President Roosevelt declared that through the shipbuilding program we are striking "a telling blow at the menace to our nation and the liberty of the free peoples of the world." In his message, which was specially transcribed on records and broadcast at the various launchings throughout the country, the President stated that "we propose that these ships sail the seas as they are intended to," and he added that "we propose, to the best of our ability, to protect them from torpedo, from shell or from bomb."

Calling the occasion "a memorable day in the history of American shipbuilding—a memorable day in the emergency defense of the nation," the President asserted that "we must speed the program until we achieve a launching each day, then two ships a day, fulfilling the building program undertaken by the Maritime Commission." He also emphasized the "simple historic fact that throughout the period of our American life, going 'way back into Colonial days, commerce on the high seas and freedom of the seas has been a major reason for our prosperity and the building up of our country." Praising the shipworkers for "doing a great job," Mr. Roosevelt declared that "they have caught the true spirit with which all this nation must be imbued if Hitler and other aggressors of his ilk are to be prevented from crushing us."

The day was designated Liberty Fleet Day by the United States Maritime Commission in celebration of the largest mass launching of merchant ships since the World War. Three of the ships launched were the first units of the Maritime Commission's emergency fleet of freighters, of which there are 312 under construction. The principal ceremony took place at Baltimore, where the Patrick Henry, the first Liberty ship, was launched. Other launchings "from dawn to dark" included the following: the Surprise, at Chester, Pa.; the James McKay, at Baltimore; the Ocean Voice and the Ocean Ventura, both British vessels, at Richmond, Calif.; the Alcoa Polaris, at Los Angeles; the Army transport Frederick Funston, at Seattle; the African Planet, at Pascagoula, Miss.; the Louise Lykes, at Kearny, N. J.; the Steel Artisan, at San Francisco; the Adabelle Lykes, at Wilmington, Del., and the Sinclair Superflame, at Quincy, Mass.

Two other liberty fleet vessels were launched on the Pacific Coast, the John C. Freemont, at Los Angeles, and the Star of Oregon, at Portland, Ore.

The text of the President's speech follows:

> **My fellow Americans:**
>
> **This is a memorable day in the history of American shipbuilding—a memorable day in the emergency defense of the nation. Today, from dawn to dark, 14 ships are being launched—on the Atlantic, on the Pacific and on the Gulf—and among them is the first Liberty ship, the Patrick Henry.**
>
> **While we are proud of what we are doing, this is certainly no time to be content. We must build more cargo ships and still more cargo ships—and we must speed the program until we achieve a launching each day, then two ships a day, fulfilling the building program undertaken by the Maritime Commission.**
>
> **Our shipbuilding program—not only that of the Maritime Commission, but of the Navy—is one of our answers to the aggressors who would strike at our liberty.**
>
> **I am speaking today not only to the shipworkers in the building yards on our coasts, on our Great Lakes and on our rivers—not only to the thousands who are present at today's launchings—but also to the men and women throughout the country who live far from salt water or shipbuilding.**
>
> **I emphasize to all of you the simple, historic fact that throughout the period of our American life, going 'way back into colonial days, commerce on the high seas and freedom of the seas has been a major reason for our prosperity and the building up of our country.**

October Food Lists For Stamp Program

Foods which will be nationally available during October for purchase with blue stamps by families taking part in the Food Stamp program, were announced on Sept. 26 by the Department of Agriculture . These foods are obtainable throughout October in local stores in all stamp program areas. Fresh peaches, plums and prunes, obtainable for blue stamps during September, have been removed from the October list.

With this revision, the complete list of blue stamp foods for the period Oct. 1 through 31 in all stamp program areas is as follows: fresh apples, oranges and pears, fresh vegetables (including potatoes), corn meal, shell eggs, raisins, dried prunes, hominy (corn) grits, dry edible beans, wheat flour, enriched wheat flour, self-rising flour, enriched self-rising flour, and whole wheat (Graham) flour.

Moscow Conference Ends with United States And Britain to Meet Soviet War Requests

The three power conference of the United States, Great Britain and Soviet Russia, designed to work out plans for assistance to the Soviet armed forces in the war against the Axis powers, was concluded in Moscow on Oct. 1 after three days of sessions. The meeting resulted in an agreement whereby the United States and Great Britain will fill practically every Soviet need for war supplies in exchange for "large quantities" of Russian war materials. The results of the parley were announced in a joint statement issued in Moscow by W. Averill Harriman, head of the American delegation, and Lord Beaverbrook, Chairman of the British mission. The statement also said that plans have been made "to increase the volume of traffic in all directions." The joint statement as given in Associated Press Moscow advices follows:

> The Moscow conference of representatives of the Soviet, American and British Governments has been brought to conclusion.
>
> Members of the conference were directed to examine the requirements from the United States and Great Britain necessary to supply the Soviet Union, fighting to defeat the Axis powers.
>
> The conference, which assembled under the chairmanship of Vyacheslaff Molotoff, Commissar of Foreign Affairs, has been in continuous session since Monday. It examined available resources of the Soviet Government in conjunction with the productive capacity of the United States and Great Britain.
>
> It now has been decided to place at the disposal of the Soviet Government practically every requirement for which the Soviet military and civil authorities have asked. The Soviet Government has supplied Great Britain and the United States with large quantities of raw materials urgently required in those countries.
>
> Transportation facilities have been fully examined and plans made to increase the volume of traffic in all directions.
>
> M. Stalin has authorized Mr. Harriman and Lord Beaverbrook to say he expresses his thanks to the United States and Great Britain for their bountiful supplies of raw materials, machine tools and munitions of war.
>
> The assistance has been generous and the Soviet forces will be enabled forthwith to strengthen their relentless defense and develop vigorous attacks upon the invading armies.
>
> Mr. Harriman and Lord Beaverbrook, speaking on behalf of the United States and Great Britain, acknowledged the ample supplies of Russian raw materials from the Soviet Government which will greatly add to the output of their own weapons of war.
>
> Mr. Harriman and Lord Beaverbrook emphasized the cordial spirit of the conference which made the agreement possible in record time. In particular they made it plain that M. Stalin was always ready with sympathetic cooperation and understanding. They thanked M. Molotoff for efficient chairmanship of the conference and all Soviet representatives for their help.
>
> In concluding its session the conference adheres to the resolution of the three governments that after the final annihilation of Nazi tyranny a peace will be established which will enable the whole world to live in security in its own territory in conditions free from fear or need.

Arrival of the American and British missions in Moscow had been announced on Sept. 22. Prior to this the two groups had held preliminary talks for five days in London, the American delegation having arrived there on Sept. 15 by airplane. Before leaving the United States this country had received instructions from President Roosevelt at a White House conference on Sept. 12.

Constantine A. Oumansky, Soviet Ambassador to the United States, accompanied the American mission to London and later went on to Moscow to take part in the supply talks.

An American Red Cross delegation, headed by Allen Wardell, also made the trip to London incident to its study and report on the relief problem in Russia.

After five days of preparatory talks in London, Mr. Harriman disclosed on Sept. 20 that the American and British missions had reached an agreement on immediate material aid to Russia.

LEGAL ODDITIES

ONE TOOTH—$350

Bliss B. Ward, a citizen of what Mr. Dooley used to call the "imperial state of Massachusetts," sauntered into a "chain" grocery store in a Massachusetts town, and noticed on the shelves some beans in sealed tin cans, labelled "Grandmother's Brand Beans & Pork with sauce, contents 2 lbs. 1 oz.," together with the name and address of the grocery company.

This particular brand of beans had been purchased by the grocery company from a Michigan canning company of good standing—the labels were furnished by the grocery company and affixed to the cans by the canning company, so that the grocery company had no supervision over the process of canning, and no knowledge of the contents.

The outside of the cans and the color scheme of the labels appealed to the nonchalant Mr. Ward.

"I'll take a can of those 'Grandmother's beans'," he told the clerk, paid for it, took it home, began to eat the beans contained therein, broke a tooth on a pebble which had been put into the can by way of good measure, was obliged to have the tooth extracted, and sued the grocery company for damages in the Massachusetts Courts.

"We rely on the Massachusetts statute which provides that where a buyer, expressly or by implication, 'makes known to the seller the particular purpose for which the goods are required, and it appears that the buyer relies on the seller's skill and judgment, whether he be the manufacturer or not. there is an implied warranty that the goods shall be reasonably fit for such purpose,' and we're entitled to the benefit of it," Ward's attorney argued.

"The transaction between Ward and the company as to the can of beans necessarily involved a purchase of goods to be eaten. That need not be stated in precise words. It was an underlying and essential condition of the contract, implied without expression. It arose from the nature of the goods, the size of the purchase, and the terms of the label. Where the buyer expressly or by implication makes known to the seller the particular purpose for which the goods are required, and it appears that the buyer relies on the seller's skill and judgment, whether he be the grower or manufacturer or not, there is an implied warranty that the goods shall be reasonably fit for such purpose," said the Massachusetts Supreme Court, in ruling in Ward's favor on this point.

"Yes, but that does not apply to a case like this, where we were not the manufacturer and bought the goods in sealed cans, not subject to our inspection," the grocery company argued.

"You had a better chance to inspect them than we had," the attorney retorted.

"In this case Ward had no means of ascertaining the manufacturer from inspection of the goods bought. The retail purchaser in cases of this sort ordinarily would be at some disadvantage if his only remedy were against the manufacturer," said the Court, in ruling against the company.

The final argument that the beans were still eatable notwithstanding the pebbly spicing, received scant consideration from the Court.

"No discussion is required to demonstrate that canned beans and pork are not fit for consumption if they contain a pebble of sufficient size to break a tooth. It is a matter of common knowledge that pebbles are often found in raw and uncleaned beans. In domestic use, careful sorting is required to free them from such substances. It is or may be found lack of due care for one to prepare beans for eating with pebbles still among them," said the Chief Justice on this phase of the case.

The result was that Ward got $350 for his missing tooth, together with the costs of the suit.

N. Y. Exchange Appoints Arbitration Board; And Names Five-Man Advisory Committee

Robert L. Stott, Chairman of the Board of the New York Stock Exchange, has appointed, with the approval of the Board of Governors, the following members and allied members of the Exchange to serve as a Board of Arbitration, commencing Oct. 1:

Sherman M. Bijur, H. Hentz & Co.; Austin Brown, Dean Witter & Co.; Philip W. Brown, Smith, Barney & Co.; James F. Burns, Jr., Harris, Upham & Co.; Thomas R. Cox, Brinton & Co.; Herbert R. Johnson, Orvis Brothers & Co., Paul Mravlag, W. W. Lanahan & Co.; Guy Osborne, Hayden, Stone & Co.; Edward Roesler, Laidlaw & Co.; Winton G. Rossiter, Jas. H. Oliphant & Co.; David W. Smyth, Filor, Bullard & Smyth; Walter W. Stokes, Jr., Stokes, Hoyt & Co.; Jacob C. Stone, Asiel & Co.; George K. Weeks, Baker, Weeks & Harden; Hans A. Widenmann, Carl M. Loeb, Rhoades & Co.

With regard to the above Board the Exchange states:

This Board of Arbitration will replace the present Arbitration Committee in hearing and deciding claims and disputes between members, allied members and member firms. None of the arbitrators is a Governor of the Exchange.

Cases involving a member of the public may also be heard by this Board if the non-member principal so wishes. The present facilities under which a non-member may choose to have his case heard by a group of arbitrators, the majority of whom are non-members of the Exchange, will be continued. The composition of the panel of non-member arbitrators has not been changed.

The new Board of Arbitration will serve until the next annual election of the Exchange.

Emil Schram, President of the Stock Exchange, announced on Sept. 25 the appointment of the following as an Advisory Commitee to the Board of Governors: William K. Beckers, Howard B. Dean, Albert H. Gordon, Robert J. Hamershlag and George R. Kantzler.

The creation of an advisory group was contemplated in the plan of reorganization of the Exchange which became effective Oct. 1. The Exchange points out that the Committee will serve in an advisory capacity with respect to applications for membership and allied membership and any disciplinary matters that may arise affecting members and allied members of the Exchange. It may also perform advisory functions with respect to other matters. Final authority will rest with the Board of Governors. All standing Committees of the Exchange ceased to exist on Sept. 30. The announcement of the Exchange also said:

To insure the necessary continuity, the terms of the members of the Advisory Committee have been staggered at the outset as follows: Mr. Dean, two months; Messrs. Hamershlag and Gordon, three months; Messrs. Beckers and Kantzler, four months. All future appointments to the Committee will be for terms of three months. Vacancies, as they occur, will be filled from among other members of the Board, by a process of rotation.

The reorganization plan, under which these Committees are named, was referred to in our issue of July 26, page 466.

Blue Food Stamps Add $10,000,000 of Farm Products to Relief Diets in July

Blue food order stamps added slightly less than $10,000,000 worth of farm products in July to the diets of more than 3,821,000 members of families eligible to receive public assistance, the Department of Agriculture announced on Sept. 26 in its monthly report on the Food Stamp program. During July families taking part in the Food Stamp program used blue stamps, which increased their expenditures for agricultural products approximately 50% as follows: about 16% for eggs, 34% for pork products, 17% for flour and other cereals, 10% for fruit and 22% for vegetables. The Department's announcement further explained:

Purchases with blue stamps, representing new outlets for farm commodities, as estimated by the Economic Analysis Section of the Surplus Marketing Administration, inclued 4,827,000 dozen eggs, 34,451,000 pounds of white and Graham flour and 12,016,000 pounds of other cereals, 10,576,000 pounds of pork and 7,075,000 pounds of pork lard and more than 57,399,000 pounds of vegetables and potatoes.

Other blue stamp purchases during the month included 2,474,000 dozens of fresh oranges, 5,645,000 pounds of fresh peaches, 1,246,000 pounds of raisins, 1,497,000 pounds of dried prunes.

In addition to purchases of commodities with blue stamps, the Surplus Marketing Administration continued in July to distribute farm products for use in free school lunches, and to needy families in areas not served by the Food Stamp Program.

Group 2 Directors

Beardsley Ruml, Chairman of the Board of the Federal Reserve Bank of New York on Sept. 26 invited banks to Group 2 (those with capital and surplus of over $300,000 and less than $10,000,000) to nominate candidates to replace the following directors whose terms will expire Dec. 31, 1941: Class A Director, Otis A. Thompson, President, The National Bank and Trust Co. of Norwich, Norwich, N. Y., and Class B Director, Walter C. Teagle, Chairman, Board of Directors, Standard Oil Co. (New Jersey), New York City. Since both directors were elected by member banks in Group 2, their successors will be chosen by this group and the member banks in Groups 1 and 3 will not participate in this election. Nominations should be sent to the Reserve Bank by Oct. 27 in order to be voted on by banks between Oct. 30 and Nov. 14.

Comptroller Reports National Banks Earned 446,750,000 During Fist Half of 1941

Comptroller of the Currency Preston Delano announced on Sept. 29 that the 5,136 national banks in the United States and possessions reported gross earnings of $446,750,000 for the six months ended June 30, 1941. This represents an increase of $20,742,000 over the gross earnings for the six months ended June 30, 1940, when there were 5,170 national banks in operation.

Operating expenses for the first half of 1941, it is announced, were $308,777,000 as against $296,256,000 for the first half of 1940. Net operating earnings were $137,973,000, an increase of $8,221,000 over the first half of 1940. The Comptroller's announcement further said:

Adding to the net operating earnings profits on securities sold of $38,648,000 and recoveries on loans and investments, etc., previously charged off of $4,410,000, and deducting losses and depreciation of $91,158,000 the net profits before dividends for the six months ended June 30, 1941, amounted to $132,873,000, or at an annual rate of 17.42% of the par value of common and preferred stock and 7.38% of capital funds. This figure of net prifits before dividends was $19,905,000 more than the amount reported for the six months ended June 30, 1940.

The principal items of operating earnings in the six-month period ended June 30, 1941, were $220,382,000 from interest and discount on loans, an increase of $19,370,000 over corresponding period in 1940; and $141,772,000 from interest and dividends on bonds and securities, a decrease of $291,000. The principal operating expenses were $129,984,000 for salaries and wages of officers and employees, and $50,484,000 expended in the form of interest on time and savings deposits.

Profits on securities sold during the six months ended June 30, 1941, aggregated $38,648,000 as against $53,286,000 in the six-month period ended June, 1940. Losses and depreciation on bonds and securities totaling $44,073,000 were $10,915,000 less than in the first six months of 1940.

Dividends declared on common and preferred stock in the first half of 1941 totaled $69,398,000, in comparison with $68,259,000 in the first half of 1940. The annual rate of dividends was 9.10% of common and preferred capital and 3.86% of capital funds.

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